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# Automotive News®

July 20, 1987


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## Is Rouge vote omen for Ford?

### *Slim OK may mean trouble in car talks*

By Louise Kertesz
AUTOMOTIVE NEWS STAFF REPORTER

A new three-year labor contract squeaked by at Ford Motor Co.'s Rouge Steel Co. last week by a vote of 1,333 to 1,326.

Top Ford and UAW negotiators had said before the vote that reaching an agreement after a year of bargaining without the threat of a strike would bode well for upcoming national contract talks.

The close vote makes that prospect appear less serene.

The new contract includes a commitment — surprising to many in the steel industry — to further modernize the plant. It does not cut wages, as had been expected. It includes a wage freeze, a $500 annual lump sum payment, reduced classifications, team production, a lower wage rate for employees transferring into Rouge Steel and a no-strike clause.

Russ Leone, chairman of the local's tool and die unit, said that the close vote indicates that Ford will have "serious problems" with similar proposals in the fall. The master UAW contract with Ford expires Sept. 14, as do remaining local agreements.

In announcing the proposed pact, Ford surprised the industry with an upbeat forecast for its steel operation, which dates from the early 1920s.

Rouge Steel President David Blackwell said, "We're going to be a tough competitor next year." He said that "a couple of pieces" still need to be put in place "to make Rouge Steel competitive not only domestically but worldwide." He added, "the facility is absolutely poised to be world-class."

AUTOMOTIVE NEWS/JOE WILSSENS

Rouge Steel employees cast their ballots

The only U.S automaker with its own steel-making facility, Ford recently invested $300 million in a continuous caster and an electrogalvanizing line.

Rouge Steel employs 3,800 UAW members from Local 600. Opponents of the contract said that the contract passed at only one of the plant's five units — the rolling mill.

Leone and an opposition group of skilled tradesmen said that if

see ROUGE, page 54

## Chrysler selling 2.2-liter tooling to Chinese maker

HONG KONG — Chrysler Corp. has agreed to sell China's government-owned First Autoworks tooling for Chrysler's 2.2-liter engine, according to a reliable source close to the negotiations.

The source, returning from Mainland China, said in a telephone interview that agreement had been reached between Chinese officials and Chrysler on the engine deal and that another deal was expected under which China would buy tooling to build the Dodge 600 from Chrysler.

A formal announcement could come any time, the source said.

In Detroit, Chrysler officials declined to comment on the report. But earlier (Automotive News, June 29), Chrysler had confirmed it was in discussions with the Chinese automaker involving purchase of the engine and Dodge 600 tooling.

The agreement has apparently not ruled out another pact with French automaker Citroen. A spokesman for Citroen said that the company is continuing to negotiate with the Chinese for the assembly of Citroen engines in China.

The source from China said the 2.2-liter engine will be used as the base engine for vans and light trucks produced by First Autoworks. First Autoworks is anxious to have the engine so that it can meet the government's production goals, the source said.

In a related development, Chrysler was reportedly close to a deal with First Autoworks to supply the tooling for its Dodge 600 model, which is scheduled to go out of production after the 1988 model year.

The Chinese automaker wants to replace its Red Flag sedan with another car soon. First Autoworks favored the Dodge 600 as a replacement instead of another front-runner, the relatively new Audi 100 (called Audi 5000 in the United States) because "they can get the (Dodge 600) tooling for next to nothing from Chrysler," said the source from China.

Chrysler's 2.2-liter engine is used in the Dodge 600, making a car deal with Chrysler more attractive in light of the engine agreement.

Chrysler will sell the head and block line once used in its Trenton, Mich., engine facility to the Chinese company, the source from China said. The 2.2-liter engine remains in production in Trenton, however.

The Chinese company has said that it can produce 250,000 to 300,000 engines a year using one shift at its plant and up to 400,000 a year using two shifts.

The source said the machinery to be sold to First Autoworks is old and "would have to be rehabilitated and installed in their (Chinese) factory."

The other components of the en-

see CHRYSLER, page 53

## KEY MAN

### *Werner can pick his spot; Daimler, VW want him*

By Richard Johnson
AUTOMOTIVE NEWS STAFF REPORTER

FRANKFURT, West Germany — The key figure in the unexpected resignation last week of Daimler-Benz Chairman Werner Breitschwerdt may have been Helmut Werner, chairman of Continental Gummi-Werke AG, West Germany's largest tire manufacturer.

Automotive News has learned that Werner is not only being courted by Daimler as a possible future chief executive, but also has been wooed by Volkswagen AG.

According to sources at VW's Audi subsidiary in Ingolstadt, West Germany, Werner has been offered the top job at Audi with the expectation that he would replace VW Chairman Carl Hahn in 1991 when Hahn is due to retire.

Werner succeeded Hahn at Continental in 1982 after the Volkswagen chief assumed his

see WERNER, page 53

Werner, chairman of Continental Gummi-Werke AG announcing Continental's purchase of General Tire

## Ford will spend $30 million to fix ambulances

By Charles M. Thomas
AUTOMOTIVE NEWS STAFF REPORTER

Ford Motor Co. will spend $30 million to voluntarily recall more than 15,000 ambulances built on E-350 chassis or vans between 1983 and 1987 to modify them against potential fires.

Ambulances built on the E-350 chassis and vans converted to ambulances have been involved in 34 fires nationwide, and customers have complained that gasoline spurts from the fuel tank.

The voluntary recall announcement Friday followed by 24 hours a petition by six state attorneys general asking NHTSA to step up its inquiry into Ford ambulances built on E-350 chassis.

Helen O. Petrauskas, Ford vice president — environmental safety

see FORD, page 4

Audi prepares 4 new models, V-8 Page 2
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# King of Hill Vette to get royal power

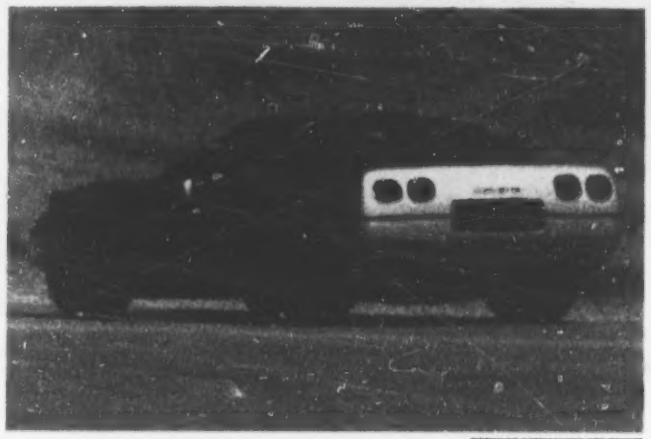
DETROIT — The top-secret "King of the Hill" Corvette isn't so secret anymore.

The look of the ultra-Corvette is little changed from the existing version. The front is identical to the current Corvette but, beginning at the middle of the doors and extending to the rear, the body widens considerably to accommodate the specially made, extra-wide Goodyear tires.

AutoWeek, a sister publication of Automotive News, reports in its July 20 issue that the new Corvette will be powered by the Chevrolet LT-5 V-8 engine, basically the same as the 5.7-liter engine in today's Corvette but equipped with Lotus-engineered twin-cam four-valve heads. The engine is matched with a six-speed ZF transmission.

The engine is planned to have an output of 400 horsepower and 400 pounds-feet of torque. The goal is for the "King" to do zero to 60 mph in the four-second range, a quarter mile in 13 seconds or less and have a top speed of 180 mph, the magazine reports.

The new Vette is expected to be in dealer showrooms within two years and reportedly will carry a price tag in the $45,000 to $50,000 range.



POPULAR MECHANICS-JIM DUNNE

Look is little changed, but beginning at the middle of the doors, the body widens considerably to accommodate the specially-made, extra-wide tires

# KORDICK

## *Love thy dealer is message of Ford Parts-Service boss*

**By David Versical**
AUTOMOTIVE NEWS STAFF REPORTER

DEARBORN, Mich. — At Ford Motor Co.'s Parts and Service Division, where the notion of helping customers is implied in the name, there may have been logic in picking a boss who preaches love and trust as unblushingly as a Sunday school teacher.

Still, it was an unlikely place for such an appointment in early 1985. The division and Ford Motor Co. dealers had often been in conflict over the years — if they interacted at all. And bringing a car in for repairs, General Manager Joseph Kordick admits, had to rank among life's most unpleasant experiences.

In the two years since he's been in the job, Kordick has been trying to change the way Parts and Service does business. By many accounts, he's succeeding. And the parent company paid tribute to Kordick and his 33-year career this spring by making him a vice president.

Kordick, 55, was Parts and Service Division programs manager in the mid 1970s and subsequently headed Ford's Glass Division and its North American marketing and international export operations.

It's not Kordick's track record but his ideas, however, that are likely to raise eyebrows on a first meeting. Take, for example, these comments from a recent interview:

• "Can you get hugged and kissed in every (Ford) dealership in America today? Hell no. But I'll bet you in half of them you can, and maybe even more than that."

• "We don't want to run a business that ends up in this office, because I'm going to be out hugging dealers."

Kordick's ideas: likely to raise eyebrows on a first meeting

• "I use the words loving and caring very frequently with our employees, with our dealers, with everyone. So I have become kind of known as a kook on that subject."

And, Kordick concedes, he's also encountered some skeptics among the division's 7,600 employees and the company's 5,600 dealers.

His language — sprinkled with mild expletives still lingering from his West Chicago upbringing — causes some people to doubt his professed commitment to Christ.

see KORDICK, page 22

# Toyota dealer sues on allocation plan

**By Matt DeLorenzo**
AUTOMOTIVE NEWS STAFF REPORTER

WASHINGTON — A North Carolina dealership that is challenging a Toyota distributor's allocation practices has dropped Toyota Motor Sales from its $30 million civil suit and has added a rival dealer. It said the rival profited from the distributor's tactics.

Rice's Toyota World, of Greensboro, has added Toyota Sanford to its lawsuit and is pressing a similar case against Southeast Toyota Distributors before the state Department of Motor Vehicles.

In the matter before the Department of Motor Vehicles, Rice seeks to have the distributor's license suspended. A newly formed group of Toyota dealers recently won the right to be heard in that proceeding, which is scheduled to begin Aug. 3. The civil suit asking $30 million in damages will not be heard until the Department of Motor Vehicles case is completed.

Eugene Boyce, an attorney representing the new dealer group, said he will be allowed to take a position in the case on behalf of the dealers as well as cross-examine witnesses. About 28 of the state's 38 Toyota dealers are members of the group, which calls itself North Carolina Toyota Dealers Inc.

Boyce said the dealers sought standing in the case because Garson Rice Sr., who brought the charges, "made allegations that purported to speak on behalf of all the dealers." The group is not involved in the $30 million lawsuit.

Rice, who has had depositions taken from a number of dealers, recently sent a letter to all Toyota dealers in North Carolina outlining why he is suing Southeast Toyota and bringing the action to suspend the distributor's license.

Rice said the turn-to-earn system "rewarded cheating, false reporting and sham sales to leasing companies."

In both legal proceedings, Rice accused Southeast Toyota of using false sales reports and sham sales by dealers to its World Omni Leasing Inc. so the distributor could obtain a greater car allocation from Toyota Motor Sales.

He said that when he would not go along with Southeast Toyota, the distributor began to deprive his dealership of cars.

"In November of 1986, I probably averaged less than 22 or 23 cars in daily stock," Rice wrote. "During this same time period, Toyota Sanford was advertising in one-third-page ads in the Greensboro News & Record that it had hundreds of cars available for sale."

Rice included an aerial photo of Toyota Sanford, taken, he said, on Dec. 6, 1986. It showed more than 300 vehicles on the lot. The amended civil suit filed by Rice now includes Toyota Sanford.

Rice is predicating his lawsuit and the Department of Motor vehicles action on a 1983 North Carolina law that prohibits makers or distributors from failing to deliver new vehicles in reasonable quantities relative to the dealer's facilities and sales potential.

Don Strickland, an attorney representing Rice, said the law was meant to prohibit turn-to-earn practices used by Southeast Toyota.

According to Rice's suit, Toyota Motor Sales U.S.A. could cancel Southeast Toyota's distributor agreement if Southeast's license is suspended in any state. Neither Toyota Motor Sales nor Southeast Toyota would comment on that point or on the case in general.

Meanwhile, Southeast Toyota has sent a letter to North Carolina dealers saying that Toyota Motor Sales has tightened retail sales reporting requirements.

According to that letter, sent by Al Hendrickson, Southeast Toyota's automotive group vice president, "The action taken enables us to enhance the allocation process and 'build a floor' or 'provide a minimum pipeline fill' for each customer (dealer) for cars, trucks and cargo vans based on each dealership's sales potential in its market area, with due consideration being given to dealership facilities."

The letter said that dealers now must provide the name, address and telephone number of the lessee in order to to receive credit for a retail sale to a leasing company.

Cars sold for dealership or daily rental use must be kept in service at least 180 days rather than 120 in order to receive retail credit. Cargo van sales will be credited only when there is a transfer of possession, title and control to the ultimate consumer or a converter

According to Toyota Motor Sales, the company's objective "is to eliminate to the maximum extent possible intentional misreporting of retail sales."

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# Automotive News World Congress opens Sunday

A business strategist, a steel industry executive and a highly successful auto dealer are among 34 speakers featured at the 12th annual Automotive News World Congress, which opens next Sunday and runs until midday Wednesday at the Hyatt Regency Hotel in Dearborn, Mich.

They are: Norman Stoller, director of SRI International's Transportation Equipment and Component Industries Program; Milton Deaner, president of the American Iron and Steel Institute; and Ronald B. Tonkin, president and chief executive officer of Ron Tonkin Dealerships.

Stolier, who specializes in business problem-solving and strategy development, will speak Monday on "Meeting the Competitive Challenge — Price, Quality, Technology — What Next?"

He has conducted worldwide business strategy studies in the automotive, truck, marine, farm, construction, aircraft and railroad industries, and has been the project leader of more than 100 studies including 20 worldwide and 30 in foreign countries.

Stoller's experience also includes business and techno-economic studies in a broad range of advanced technologies such as structural ceramics, robotics and computer-aided design and manufacturing.

Deaner also will speak Monday, and his topic will be "Awakening the Sleeping Giant." Before joining the Iron and Steel Institute in January, he was chairman and chief executive officer of McLouth Steel Products Corp.

During his nearly 40 years of steel industry experience, Deaner worked for McLouth as chairman and president, for National Steel Corp. as vice president — engineering and for the former United States Steel Corp. as blast furnace supervisor.

Tonkin will speak Tuesday and will discuss "Automobile Dealers: Today and Tomorrow."

Tonkin, whose working life has been devoted to the automobile business, has nine dealerships, all in the Portland, Ore., metropolitan area.

His franchises include Chevrolet, Ferrari, Alfa Romeo, Honda, Toyota, Maserati, Mitsubishi, Dodge, Yugo, Acura, Suzuki, Sterling and Zimmer.

He represents Oregon as director of the National Automobile Dealers Association and is NADA Region IV vice president.

The overall theme of this year's World Congress is "Facing Up to Competitive Times." Daily themes are "Recoveries and Strategies for the Domestic Industry" (Monday), "The Importance of a Global Perspective" (Tuesday) and "Coping With Change" (Wednesday).

For further information, write: Automotive News World Congress, 1400 Woodbridge Ave., Detroit, MI 48207, or call (313) 446-6047. Overseas inquiries cable: 810-221-5122 AUTNEW.

Hagenlocker: "Great news for Ford and Louisville"

# Ford Louisville to expand; 4-door Bronco II expected

By Charles M. Thomas
AUTOMOTIVE NEWS STAFF REPORTER

LOUISVILLE, Ky. – Ford Motor Co. plans to invest $563 million in a new line of light trucks — believed to be a four-door version of the Bronco II — that will be built at its Louisville, Ky., assembly plant.

Employees said Ford engineers have been gearing up to build the new Bronco II compact truck at the plant for two years, although Ford refused to confirm the product. The new vehicle is expected to be introduced in late 1990.

Ford officials said $263 million will be spent on expansion, tooling and support programs for additional production.

The $300 million addition will cover 162,000 square feet and include a new frame and chassis assembly area and pre-trim facility.

"This is great news for Ford and for the people who live and work in and around Louisville because it means we will be able to build on our leadership position in the light-truck market," said E.E. Hagenlocker, company vice president and general manager of Ford Truck Operations.

A Ford spokesman said the expansion project could affect up to 1,200 jobs at the Louisville plant — as many as 300 new jobs resulting from the new model, retention of up to 700 existing jobs that might have been transferred elsewhere if the plant had not been selected to produce the new vehicle and 200 jobs related to possible future production increases.

Assembly of the Ranger began at Louisville in 1982 and Bronco II was added in 1983. The plant opened in 1955.

Louisville is expected to produce about 120,000 Bronco IIs and 218,850 Rangers in the 1987 model year.

# Import stocks of cars, trucks climb to record

Inventories of unsold new imported cars and trucks stood at record highs July 1.

Stocks of cars at dealerships, ports of entry and in transit climbed to 650,508 units, a 60-day supply at current selling rates.

Stocks on June 1 also had been a record — 606,583 units, a 58-day supply.

On July 1 last year, imported-car stocks totaled 400,106 units, a supply good for 40 days.

The inventory of imported trucks also reached a record high. The July 1 total was 241,038, a 71-day supply. On June 1, the truck figure was 230,562, equal to a 67-day stockpile.

The previous high for trucks was May 1 this year when the total was 238,832, a 67-day stock.

The combined car and truck inventory July 1 was 891,546 units, a 63-day supply. That compares with 837,145 units, a 60-day stock, on June 1 and 806,711 units, a 63-day stock on May 1.

A year ago, the combined car-truck inventory consisted of 593,714 units, a 46-day stockpile.

As of July 1, 66.23 percent of the imported cars in inventory were from Japan; 16.21 percent were from West Germany; and 17.56 percent were from other nations.

**IMPORT DAYS' SUPPLIES**

| | July 1, 1987 | June 1, 1987 | July 1, 1986 |
|---|---|---|---|
| Chevrolet | 152 | 161 | 89 |
| Chrysler Corp. | 91 | 104 | 102 |
| Acura | 33 | 37 | 33 |
| Honda | 16 | 11 | 10 |
| Isuzu | 93 | 75 | 112 |
| Mazda | 54 | 72 | 29 |
| Mitsubishi** | 92 | 54 | 58 |
| Nissan | 85 | 107 | 38 |
| Subaru | 87 | 94 | 31 |
| Toyota | 26 | 19 | 21 |
| JAPAN | 60 | 58 | 37 |
| Audi | 43 | 89 | 100 |
| BMW | 73 | 67 | 30 |
| Mercedes-Benz | 46 | 37 | 29 |
| Merkur | 71 | 120 | 78 |
| Porsche** | 170 | 79 | 39 |
| VW | 80 | 72 | 63 |
| GERMANY | 70 | 68 | 52 |
| Alfa Romeo | 80 | 69 | 31 |
| Festiva | 124 | 82 | 0 |
| Hyundai | 29 | 30 | 0 |
| Jaguar | 11 | 21 | 26 |
| Peugeot | 93 | 97 | 80 |
| Pontiac | 82 | 0 | 0 |
| Renault | 246 | 270 | 263 |
| Saab | 75 | 75 | 39 |
| Sterling | 76 | 74 | 0 |
| Volvo | 59 | 50 | 47 |
| Yugo | 41 | 45 | 66 |
| Other Countries | 52 | 50 | 48 |
| Total Import Cars | 60 | 58 | 40 |
| Isuzu | 130 | 96 | 93 |
| Mazda | 74 | 68 | 28 |
| Mitsubishi** | 94 | 61 | 80 |
| Nissan* | 69 | 104 | 98 |
| Range Rover | 18 | 47 | 0 |
| Suzuki | 18 | 18 | 9 |
| Toyota | 60 | 46 | 59 |
| Chrysler | 96 | 113 | 81 |
| Total Imp. Trucks | 71 | 67 | 64 |
| Total Imp. Vehicles | 63 | 60 | 46 |

*Includes domestic trucks.
**Automotive News estimate.

# Safety group charges fire hazard in '84 Fiero engines, urges recall

By Helen Kahn
AUTOMOTIVE NEWS STAFF REPORTER

WASHINGTON — The Center for Auto Safety has asked NHTSA to investigate engine fires it says occur in about one out of every 900 1984 Pontiac Fieros.

The group asked the government to warn owners and order a recall as soon as possible. It also said General Motors should be charged with violating NHTSA rules on retaining records. The safety group said GM should be subject to as much as $800,000 in fines and possibly criminal penalties.

"We are continuing to cooperate fully on this matter with NHTSA," GM said Friday.

GM admitted to NHTSA that it "misplaced or inadvertently discarded" documents related to a special GM committee investigating the cause of Fiero engine fires. The committee apparently was formed in late 1983 within weeks of the 1984 Fiero introduction and lasted until early 1985.

NHTSA requested those documents in May as part of its engineering analysis — a low-level investigation into the alleged problems that opened on July 18, 1986. The center accused GM of failing to tell NHTSA of its early Fiero fire committtee until a year after its documents were missing.

Criminal charges involving documents GM either withheld or delayed and thus misled the government remain pending against GM in the 1980 X-car case involving alleged rear-brake lockup.The government has appealed the verdict in the civil X-car case.

The Center for Auto Safety said it has reports of 140 1984 Fiero fires, and nine injuries.

GM told NHTSA the actual risk is "minimal." But the center pointed out that a U.S. District Court in another GM case involving fires — GM Buick Quadrajet carburetors in 1977 — ruled that the law is meant to "prevent serious injuries stemming from established defects before they occur." It is not merely to redress the situation after harm has been done.

Other GM documents which NHTSA does have indicate the 1984 Fiero "is all too aptly named," said Center for Auto Safety investigators Dan Howell and Russell Shew.

They maintain it suffers from a combination of chronic overheating problems and an assortment of defects that allow coolant and oil to leak or spill on to exhaust components whose surface temperatures are so hot the fluids ignite.

Quoting from documents in the NHTSA docket, the center's petition cites an Oct. 6, 1983, GM employee memo marked "urgent." It warned of fires when coolant hose clamps come loose. It was followed by a November 1983, memo pinpointing a supplier problem with H.K. Porter Co., maker of hose clamps, and continuing problems despite fixes.

According to the documents, in November 1984, two reliability engineers from the newly organized Chevrolet-Pontiac-Canada Group referred to the "disturbing number of field fires" and to steps taken by the Fiero assembly plant to eliminate the possibility of "operator-caused failures which could result in a vehicle fire."

Memos dated December 1984 and undated ones, according to the center, show the "thermal distress" study moving beyond hoses and clamps to "ventilated engines" and "timing plate leaks."

In a document dated October 1986, GM told NHTSA about "improper service procedures" and said that problems occur only at low mileage. GM documents given to NHTSA in May referred to poor casting quality, mostly "microshrinkage" in the 2.5-liter engine's connecting rod. GM noted it was used in all 2.5-liter engines since the late 1970s, not just in Fiero.

The presumed explanation of why fires occur in 1984 Fiero engines and not in all 2.5-liter engines came in a December 1983 memo from GM's Central Foundry Division. The memo explained that the compression ratio of the Fiero engine was increased by 0.5, thus raising the load on the connecting rod.

In addition, the test speed of the dynanometer was raised and that meant an increase of some 26 percent in tensile load on the connecting rod. The Center for Auto Safety deduced that engineers at Pontiac and Chevrolet raised the compression ratio but "apparently someone forgot to tell the people who make the connecting rods."

A December 1984 memo from Central Foundry said that "engine failure due to internal shrink" continued and "no permanent solution has been found."

Last May, however, GM told NHTSA it found no evidence that failing rods have caused fires. Instead, GM referred to other conditions, including "oil system failure" that could cause rod failure.

The center pointed out that GM cannot use those arguments as reasons for not recalling, since GM service bulletins sent to dealers in 1984 and 1985 said the 1984 Fiero engine may have oil contaminated by coolant due to a cracked block.

Dealers were told in late 1985 that if a customer brought in a 1984 Fiero with a cracked block not due to owner abuse, the existing 2-year/24,000-mile warranty should be extended to 5 years and 50,000 miles.

But, the center noted, GM never informed owners of the availability of free repairs or that fires might occur if the engine block cracked.

Responding to the center's letter of last February asking GM to notify owners of its "secret warranty," GM indicated the problem was a relatively rare, low-mileage one.

But the center said that the Pontiac warranty data GM provided to NHTSA showed otherwise. It noted that the failure rate for engine block cracks was 2.5 percent under the 2-year/24,000-mile warranty alone.

Moreover, said the center, the safety risk was increased because of delay in diagnosing and repair, since dealers may deny coverage and owners postpone costly repairs.

If owners just keep adding coolant without being aware of oil contamination, the engine would ultimately fail and fires would occur. The center pointed out that if owners knew of free repairs, they could prevent worse problems.

GM told NHTSA that owners have advance warning — the smell of gasoline, coolant gauge showing overheating or excessive engine noise. Yet, the center said it had complaints saying the only warning was the sight of fire in the mirror.

# FORD

FROM PAGE 1

engineering, said the recall will be conducted as "a safety-related defect" recall with NHTSA in the hopes of expediting modification.

Beginning in 1988, Ford will restrict sales of E-350 chassis and vans for conversion to ambulances to 7.3-liter diesel engines that do not require catalytic converters.

"The diesel engine runs cooler and doesn't require a catalytic converter," said Robert M. Munson, director of the automotive safety office, Ford Environmental and Safety Engineering Staff.

Ford said it believes the fires and fuel ejection phenomenon are connected to high underbody temperatures and increases in gasoline pressure in the tank.

Special modification kits containing up to 60 components will be sent to some 525 Ford dealers for use on the ambulances. The kits will include a fuel tank vent valve, a grommet for the valve, a fuel tank restrictor and a heat shield for the muffler.

"Ford dealership technicians will give each ambulance a validation drive to verify that the modifications have been made correctly, but also to evaluate the performance and driveability for the ambulance before and after the modification," Petrauskas said.

Ford officials have inspected 29 of the 34 burned ambulances and said fires started for a variety of reasons. "The fires were all in the underbody but there was no one single causal factor," Munson said.

Another Ford spokesman said eight of the fires started near the midship fuel tank. The ambulances have two fuel tanks — one is in front of the rear axle and the other behind it.

In one fire, a grommet replaced by Ford in a pilot recall program of 250 vehicles earlier in the year cracked and leaked fuel. The spark was caused by an electrical wire that was crushed when Ford reconnected the fuel tank.

In another instance, Ford officials said they believed fuel leaked from rewelded seams in the fuel line and the spark originated from holes in the muffler.

Ford sells the E-350 chassis and vans to manufacturers that convert them into ambulances, but the company said it will bear the entire cost of the recall program.

"We will fix all conditions, even including ambulance manufacturing and operator maintenance errors that are totally unrelated to the original design and construction of the E-350 chassis or van," Petrauskas said.

She said the company received about 90 complaints about fuel spurting and fires per 10,000 ambulance customers. The company received one complaint per 10,000 vehicles from owners of other vans, she said.

## Jaguar clears it up

Jaguar Cars has corrected its recall announcement for microswitch replacement in XJ6 sedans. The model year for affected cars is 1986, not 1986 (Automotive News July 13).

SERVICE MANAGEMENT

# Raided parts seller seeks advice

SHOP TALK

ARTHUR FLAX

Is it a counterfeit or a reproduction?

Bill Clement, owner of a collector-car parts house that was raided recently by federal agents on suspicion of selling counterfeit Chevrolet parts and vehicle identification tags, believes the auto companies should set up a better method of dealing with companies that reproduce antique car parts.

He said he feels better communications with automakers would help establish what activities are legitimate.

Clement said his Chevy Craft shop, a classic Chevrolet parts and restoration house in Lubbock, Texas, was raided by "about 20 FBI, Department of Transportation, state police and internal revenue agents who seized about $20,000 in goods."

Clement said it was one of a series of raids conducted around the country. Some of the shops raided were padlocked, but Chevy Craft was allowed to stay in business, Clement said.

He said, "The federal people were nice to the point where they said they were sorry they had busted a legitimate business. . . . But it was like my worst nightmare come true."

Clement admitted he sold reproductions of certain Chevrolet labels and parts. He said they were identified as reproductions. He claimed that it is often not clear what can and cannot be reproduced or sold.

The reproduction manufacturer often faces "a nightmare of long-distance stonewalling, letter writing and frustration . . . (because) it doesn't pay the manufacturers a cent to become involved with the antique car aftermarket," Clement said.

He claimed that much of the material that was seized — including owners' manuals, warranty books and decals — was produced with General Motors' permission. In fact, a good portion of the seized material was "genuine GM," bought from dealers' outdated stock, he said.

"They seized anything with the Chevrolet bow tie," he said.

The main thrust of the raid was apparently aimed at confiscating counterfeit vehicle identification tags. The tags are used by thieves to disguise stolen vehicles. VIN tags are also used by car collectors to inflate the value of their cars.

Clement sold blank vehicle identification tags for Chevrolet models built before 1968 — along with instructions on how to go through the proper legal channels to have them affixed. He freely admitted that car collectors value authentic VIN plates over VIN tags reissued by a state.

He said, "I don't feel I've broken any law."

Although VIN tags can certainly be used to disguise stolen property, Clement claimed that is unlikely with the older cars. He said many "boneyards" surrender VIN plates and titles when they take in wrecks. When collectors buy wrecks and restore them, they want original-appearing VIN tags for the cars they restore, instead of state-issued tags.

Clement said he believes auto manufacturers are alienating their "strongest supporters" — people who are likely to buy tow vehicles of the same make as their collector cars.

If the supply of reproduction parts dries up, he said, "We are doomed to drive these computerized metric jellybeans instead."

## Ford sues

Ford Motor Co. is suing Keystone Automotive Industries, a Pomona, Calif., importer and distributor of foreign-made auto body parts, for false advertising.

Ford said it is basing its charges on Keystone's claim that its body replacement parts "meet or exceed OEM specificiations" and are "equal to OEM in fit, finish, weight, gauge and overall quality."

Ford claimed the Keystone parts will corrode faster than Ford replacement parts and that they do not fit as well.

Ford filed the suit in U.S. District Court in Detroit and is asking for treble damages and court costs as well as "corrective advertising" from Keystone.

## Porsche 356

Porsche dealers in the United States can now order parts for the company's classic 356 series.

Porsche Cars North America is stocking more than $1 million worth of 356 parts at its distribution center, and additional parts are stocked at the factory in Stuttgart, West Germany.

Larry Morris, formerly general manager of parts sales and merchandising and now national sales director for Porsche Cars North America, said, "We have more than 3,300 items in stock and available for immediate delivery to our dealers. Our inventory includes most of the parts necessary to restore the most common 356 models and our plan is to expand our inventory so that we'll have parts for all 356 models, including four-cam Carreras. At the factory in Germany, employees are contacting original suppliers to obtain more quality parts for our inventory."

AUTOMOTIVE NEWS/ARTHUR FLAX

Analytics' Chuck LaGrossa "discusses" repair with computerized service unit

# Smart diagnostic system talks to auto technicians

By Arthur Flax
AUTOMOTIVE NEWS STAFF REPORTER

When an Army truck or tank breaks in the field, who repairs it? In the past, it was the master mechanic, the guy who could put a truck right with chewing gum or a hammer.

But Army machines are becoming more complex and the expert mechanics are leaving — just as automobiles and trucks are becoming more complex and trained mechanics are in short supply.

Analytics, an advanced technology firm in Willow Grove, Pa., is developing a computerized diagnostic system that uses artificial intelligence and voice recognition to help Army and private industry technicians repair vehicles.

The Automated Intelligent Maintenance System is being developed under a government Small Business Innovative Research contract.

Edward J. Kapnic, Analytics marketing director, developed the concept. He said Analytics plans to produce a commercial version of its diagnostic machine in 1988.

To date, Analytics has produced a "proof of concept" prototype for the Army's HUMMWV (Hummer) vehicle and plans to have a fully functional prototype by the end of the year.

The Army invested about $50,000 in the development of the proof of concept unit and Analytics has invested about $100,000.

Should the military choose to put the system in the field, it will take several years to meet government requirements. In the meantime, Analytics plans to develop the commercial unit.

Stephen W. Leibholz, Analytics president, said the first commercial customer might be a fleet that services about 50 vehicles daily.

Leibholz said a production system will consist of a portable personal computer-sized terminal along with a microphone-headphone set for the technician. The terminal will have a video screen and will be able to diagram a repair procedure for the technician.

Analytics, he said, has the technology to store up to 250,000 pages or pictures on a compact disc.

The technician also will carry a small box with a keypad to punch in information. Eventually, he predicted, the system will become even more compact.

The system can recognize several words and numbers from the technician's voice and can respond to the technician's commands.

For example, the system may ask the technician to perform a task, such as turning on the lights or checking battery cables. If the technician misses a command from the computer, he will ask the machine, "What?" and the computer will repeat the command.

The system also employs what Analytics calls "interactive intelligence." That is, it adjusts the information it provides to the technician and its speed. When the technician signs onto the computer, the system remembers the technician and his skill level. Also, the system adjusts its operation depending on the speed at which the technician performs the diagnostic routine.

The system employs artificial intelligence; that is, it mimics the problem-solving routine of a master mechanic rather than following a long troubleshooting tree as advocated in the service manual.

Leibholz said, "There are 48 steps in the manual to troubleshoot the electrical system of the Army's HUMMWV. We have it down to 12 following the mechanic's logic."

Joe Herman, project engineer for the vehicle electronics division of the Army's Tank-Automotive Command, added, "We're losing maintenance experts faster than we can replace them. We need to computerize their experience."

Leibholz said the first commercial units will sell for about $20,000 each. The exact price will depend on the number of units programmed for a particular type of vehicle.

By 1990, Analytics plans to produce a version that will be programmed to repair a whole range of car models. Leibholz said it could sell for below $10,000."

# Service Index declines for May

*But backshop volume stays ahead of '86 for five-month period*

By Arthur Flax
AUTOMOTIVE NEWS STAFF REPORTER

The Automotive News Service Index fell 0.7 percent in May, compared with May 1986. It was the first decline since January in service and parts business at new-car dealerships.

Shop business fell 1.7 percent in January, compared with January 1986.

In April, shop business was up 4.1 percent over the 1986 figure.

In the first five months of 1987, shop business showed an advance of 2.8 percent over the same period in 1986.

Among dealers reporting a decline in business, a Rocky Mountain Chevrolet dealer said, "May was probably the worst month in (our) history . . . No sales. No repair."

A Chevrolet dealer in the Northeast said his decline from April was due to a 20 percent drop in body shop business.

A Northwest Lincoln-Mercury dealer attributed his service decline to the local economy.

An Eastern Chevrolet dealer speculated that his service decline might have been caused by a slip in the quality of his service advisers.

**SERVICE INDEX 99.3★**

| | May, '87 vs. May, '86 | 5 mos., '87 vs. 5 mos., '86 |
|---|---|---|
| Gross Profit on All Labor and P&A Sales | +3.3% | +4.7% |
| Repair Orders Written | −3.6% | −4.1% |
| Total Labor Sales (Customer & Warranty) | −1.0% | +4.9% |
| Shop Parts Sales (Cusiomer & Warranty) | −1.5% | +2.7% |
| Sales of All P&A | −0.6% | +5.6% |

★— Survey by Automotive News shows that dealers' service and parts business in May 1987 was 99.3 percent of business in May 1986. Service business in the first 5 months of 1987 was 102.8 percent of business in the corresponding period in 1986.

Also, he said there was one more working day in May 1986.

Of dealers reporting increases in service volume, a Rocky Mountain Buick dealer attributed his success to "better salesmanship on the service drive."

A Midwest Ford dealer said his service increase resulted from the addition of more mechanics and "hot weather, which caused more breakdowns."

A Northwest Chevrolet-Honda dealer also mentioned the season and the weather as reasons for his increase in shop business.

Gross profit on all labor, parts and accessory sales was up 3.3 percent in May, but all other indicators were down.

Repair orders written were down 3.6 percent; shop parts sales (customer-paid and warranty) declined 1.5 percent; total labor sales (customer-paid and warranty) fell 1.0 percent; and sales of all parts and accessories dropped 0.6 percent.

There was no change in parts and accessories sales to off-premises customers.

Sales of all parts and accessories showed the biggest gain through the first five months of 1987, up 5.6 percent.

Total labor sales were up 4.9 percent; gross profit on all labor parts and accessory sales climbed 4.7 percent; and shop parts sales increased 2.7 percent.

Parts and accessory sales to off-premises customers were up 7.9 percent in the first five months of 1987.

Repair orders fell 4.1 percent through May.

# Brazil sales dive; exports strong

By Rik Turner
STAFF CORRESPONDENT

SAO PAULO, Brazil — First-half vehicle sales in Brazil were down 39 percent from last year's and were the lowest for the period since 1972. But the industry's exports set a record of $1.16 billion.

The dramatic decline in the domestic market stemmed from the combined effects of a downturn in the economy, parts supply problems at the beginning of the year and tax levels, which the government began to lower only in June after dealers had stopped buying cars from the manufacturers.

In the January-June period this year, the industry sold 279,839 vehicles of all types, compared with 459,019 in the same period last year.

During the first six months of 1987, sales consisted of 198,112 cars and pickups, 50,630 light-commercial vehicles; 26,506 medium- and heavy-duty trucks and 4,591 buses. The comparable figures for the first half of 1986 were 359,044 cars and pickups, 59,639 light-commerical vehicles, 36,407 medium- and heavy-duty trucks and 3,929 buses.

Exports, meanwhile, went from strength to strength. Brazilian makers sold 157,273 vehicles abroad in the first half compared with 93,373 in the same period of 1986.

Exports brought in some $1.16 billion, nearly 43 percent more than the $819 million registered in the equivalent period last year. That was despite the industry's complaints of a 20-30 percent overvaluation of the cruzado.

The export figure would have been higher had it not been for parts problems experienced by some manufacturers early in the year.

That was particularly true of Volkswagen's Fox subcompact exports to the United States. Parts problems caused a reduction in Fox export forecasts from an initial 100,000 to 80,000 for the year.

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## DOMESTIC SALES

| | July 1-10, 1987 | July 1-10, 1986 |
|---|---|---|
| Renault | | |
| Alliance-Encore | 525† | 1,100† |
| AMC | 150† | 250† |
| American Motors | 675 | 1,350 |
| Chrysler | 7,431 | 10,018 |
| Plymouth | 5,949 | 8,659 |
| Dodge | 8,050 | 11,000 |
| Chrysler Motors | 21,430 | 29,686 |
| Ford | 33,624 | 34,164 |
| Mercury | 12,267 | 12,094 |
| Lincoln | 4,344 | 3,590 |
| Ford Motor Co. | 50,255 | 49,848 |
| Buick | 12,552 | 17,925 |
| Cadillac | 5,112 | 5,809 |
| Chevrolet | 32,926 | 38,092 |
| Oldsmobile | 15,766 | 22,393 |
| Pontiac | 14,630 | 19,677 |
| General Motors | 80,986 | 103,896 |
| Volkswagen | 899 | 1,858 |
| Honda | 9,401 | 2,803 |
| Nissan | 1,659 | 33 |
| Toyota | 605 | 0 |
| U.S. Industry Total | 165,910 | 189,474 |

†—Estimate
Compiled by Karen Detkowski

# Auto sales decline 12% in early July

By Roger Rowand
AUTOMOTIVE NEWS STAFF REPORTER

Sales of domestic cars in early July fell 12.44 percent below those of a year ago with only Nissan and Honda reporting gains.

Sales for the July 1-10 period totaled 165,910 cars, compared with 189,474 last year. The daily selling rate dipped to 20,738 units from an average of 23,684 a year ago. There were eight selling days in the period in both years.

There seems to be little evidence that sales incentive programs are drawing a significant number of buyers into showrooms.

"Current incentives have lost their allure, and factory marketing types are being hard pressed to come up with replacements," said one source in marketing circles.

Volkswagen sales were off 51.61 percent from those of a year before. American Motors dealers delivered 50.00 percent fewer cars in the July 1-10 period than they did last year. Chrysler Motors' sales were off 28.78 percent, and General Motors' sales dipped 22.05 percent. Ford Motor retail deliveries were down 0.82 percent.

Nissan sold 1,659 cars this year vs. 33 a year ago when its U.S. plant was down for model changeover. Honda sales rose 235.39 percent as deliveries climbed to 9,401 units from 2,803.

Toyota, which began making cars in the United States in September, sold 605 units in the July 1-10 period.

## IMPORT SALES BY MODEL

| | June, 1987 | June, 1986 | 6 Mos., 1987 | 6 Mos., 1986 |
|---|---|---|---|---|
| ACURA | 9,809 | 4,102 | 50,171 | 12,949 |
| Integra | 4,990 | 2,370 | 28,381 | 7,469 |
| Legend | 4,809 | 1,732 | 21,790 | 5,480 |
| ALFA ROMEO | 657 | 650 | 3,422 | 2,866 |
| AUDI | 7,915 | 4,970 | 24,887 | 32,303 |
| 4000S | 1,239 | 1,229 | 3,388 | 6,985 |
| 4000CS Quattro | 289 | 281 | 1,120 | 1,997 |
| 5000S | 4,277 | 2,395 | 14,412 | 16,844 |
| 5000CS Turbo | 878 | 476 | 2,754 | 3,230 |
| 5000CS Turbo Quattro | 1,060 | 337 | 2,557 | 1,629 |
| Coupe GT | 172 | 252 | 656 | 1,627 |
| BMW | 7,711 | 8,624 | 42,997 | 46,002 |
| 318i | 1 | 32 | 15 | 829 |
| 524 TD | 3 | 196 | 26 | 1,300 |
| 325 | 4,929 | 5,620 | 28,604 | 28,942 |
| 528e | 867 | 667 | 4,897 | 5,907 |
| 535i/535iS | 479 | 1,300 | 3,619 | 4,271 |
| 6-Series | 161 | 251 | 999 | 1,430 |
| 73/L-7 | 1,096 | 538 | 4,264 | 3,323 |
| M3 | 61 | 0 | 74 | 0 |
| M5 | 48 | 0 | 145 | 0 |
| M6 | 64 | 0 | 344 | 0 |
| CHEVROLET | 10,897 | 14,262 | 80,162 | 79,414 |
| Spectrum | 8,628 | 7,973 | 36,280 | 43,697 |
| Sprint | 4,269 | 6,289 | 23,882 | 35,717 |
| CHRYSLER/MITSUBISHI | 11,085 | 9,456 | 60,639 | 64,395 |
| Colt | 7,344 | 8,070 | 38,842 | 44,887 |
| Conquest | 1,147 | 437 | 6,660 | 2,810 |
| Vista | 2,594 | 2,949 | 15,137 | 16,698 |
| FORD Festiva | 1,492 | 0 | 2,945 | 0 |
| HONDA | 21,469 | 27,244 | 132,057 | 201,060 |
| Civic/CRX | 10,423 | 16,231 | 58,894 | 114,939 |
| Accord | 7,246 | 6,352 | 44,178 | 50,342 |
| Prelude | 3,800 | 4,661 | 28,985 | 35,779 |
| HYUNDAI | 27,189 | 15,131 | 127,056 | 52,396 |
| ISUZU | 4,438 | 2,633 | 16,151 | 16,203 |
| I-Mark | 3,912 | 1,817 | 12,405 | 9,157 |
| Impulse | 526 | 816 | 3,746 | 7,046 |
| JAGUAR | 2,192 | 2,504 | 10,024 | 11,506 |
| XJ6 | 1,621 | 2,027 | 7,722 | 9,197 |
| XJS | 571 | 477 | 2,302 | 2,309 |
| MASERATI | 60 | 128 | 360 | 848 |
| MAZDA | 21,144 | 14,665 | 89,573 | 103,506 |
| 323 | 6,146 | 5,185 | 31,850 | 34,210 |
| 626 | 11,302 | 5,652 | 38,702 | 44,579 |
| RX-7 | 3,696 | 3,828 | 19,021 | 24,717 |
| MERCEDES BENZ* | 7,273 | 6,101 | 45,411 | 44,209 |
| 190 | 1,454 | 1,391 | 9,446 | 10,585 |
| 260E | 486 | 0 | 2,801 | 0 |
| 300 | 1,849 | 1,275 | 11,953 | 11,012 |
| 300SDL Turbo | 573 | 459 | 3,620 | 1,770 |
| 420SEL | 1,191 | 1,045 | 6,875 | 8,011 |
| 560SEL | 453 | 691 | 3,178 | 4,667 |
| 560SL | 944 | 901 | 6,014 | 5,781 |
| 560SEC | 119 | 152 | 916 | 1,253 |
| MERKUR | 1,432 | 1,283 | 5,133 | 7,673 |
| XR4Ti | 641 | 1,283 | 4,008 | 7,673 |
| Scorpio | 791 | 0 | 1,125 | 0 |
| MITSUBISHI | 7,755 | 3,992 | 34,147 | 23,763 |
| Starion | 608 | 449 | 2,963 | 2,970 |
| Cordia | 432 | 431 | 2,168 | 2,616 |
| Tredia | 626 | 796 | 2,523 | 4,764 |
| Mirage | 1,938 | 1,152 | 8,469 | 6,147 |
| Galant | 912 | 1,164 | 5,940 | 7,266 |
| Precis | 2,467 | 0 | 8,443 | 0 |
| Van/Wagon | 772 | 0 | 3,641 | 0 |
| NISSAN | 37,013 | 52,031 | 211,284 | 238,312 |
| Sentra | 10,274 | 19,990 | 59,678 | 73,183 |
| Pulsar | 5,508 | 4,204 | 33,348 | 24,614 |
| Stanza | 6,026 | 8,119 | 32,656 | 28,058 |
| Maxima | 8,689 | 9,938 | 45,221 | 56,692 |
| 200SX | 3,228 | 4,174 | 18,163 | 25,111 |
| 300ZX | 3,023 | 4,424 | 20,452 | 28,329 |
| Hawaii | 265 | 1,182 | 1,766 | 2,325 |
| PEUGEOT | 755 | 1,043 | 4,440 | 6,592 |
| PONTIAC LeMans | 3,454 | 0 | 3,454 | 0 |
| PORSCHE | 2,200 | 3,197 | 12,824 | 14,726 |
| 924S | 312 | 632 | 1,487 | 702 |
| 944 | 595 | 1,753 | 3,182 | 8,901 |
| 944S | 177 | 0 | 1,348 | 0 |
| 944 Turbo | 225 | 0 | 1,383 | 0 |
| 911 Coupe | 364 | 626 | 2,504 | 3,877 |
| 911 Turbo | 144 | 0 | 771 | 0 |
| 911 Cabriolet | 218 | 0 | 1,085 | 0 |
| 928S | 165 | 186 | 1,064 | 1,246 |
| RENAULT | 1,792 | 252 | 5,570 | 2,044 |
| 18i | 0 | 170 | 0 | 1,001 |
| Fuego | 0 | 82 | 0 | 1,043 |
| Medallion | 1,792 | 0 | 5,570 | 0 |
| SAAB* | 4,279 | 5,020 | 22,087 | 23,980 |
| 900 | 913 | 1,628 | 4,650 | 7,375 |
| 900S | 1,425 | 1,568 | 7,095 | 7,172 |
| 900 Turbo | 836 | 872 | 4,264 | 4,053 |
| 9000S | 353 | 0 | 1,627 | 0 |
| 9000 Turbo | 584 | 840 | 4,007 | 4,987 |
| STERLING | 1,160 | 0 | 6,381 | 0 |
| SUBARU | 14,343 | 13,406 | 77,514 | 91,463 |
| Hatchback | 563 | 1,307 | 3,593 | 8,706 |
| 3-Door | 1,253 | 1,042 | 6,532 | 4,832 |
| 4-Door Sedan | 3,692 | 3,708 | 19,439 | 28,084 |
| XT | 1,695 | 1,928 | 9,852 | 12,703 |
| Station Wagon | 6,216 | 5,421 | 33,505 | 37,158 |
| Justy | 924 | 0 | 4,593 | 0 |
| TOYOTA | 47,584 | 47,241 | 242,808 | 277,848 |
| Corolla | 8,065 | 12,004 | 44,855 | 64,516 |
| Tercel | 8,993 | 5,490 | 40,864 | 34,560 |
| Celica | 6,692 | 7,346 | 36,209 | 51,745 |
| Supra | 2,467 | 3,404 | 14,175 | 13,171 |
| Camry | 15,849 | 11,007 | 75,289 | 65,011 |
| Cressida | 1,548 | 2,979 | 10,429 | 17,121 |
| Land Cruiser | 330 | 271 | 1,926 | 1,779 |
| Van | 1,171 | 1,506 | 7,145 | 8,957 |
| 4Runner SR 5 | 178 | 404 | 735 | 3,280 |
| MR2 | 1,386 | 2,115 | 6,640 | 14,419 |
| Hawaii | 905 | 715 | 2,541 | 3,289 |
| VOLKSWAGEN | 12,813 | 13,092 | 62,855 | 77,576 |
| Cabriolet | 1,558 | 1,318 | 7,878 | 8,056 |
| Jetta | 5,163 | 8,375 | 28,985 | 51,881 |
| Vanagon | 742 | 1,162 | 4,960 | 6,348 |
| Quantum | 515 | 927 | 3,118 | 5,412 |
| Scirocco | 615 | 1,310 | 3,731 | 5,879 |
| Fox | 4,220 | 0 | 14,153 | 0 |
| VOLVO* | 9,083 | 11,600 | 61,964 | 63,423 |
| 240 Series | 4,609 | 5,644 | 30,463 | 30,782 |
| 740 Series | 3,129 | 4,844 | 24,047 | 25,558 |
| 760 Series | 1,027 | 966 | 6,454 | 5,584 |
| 780 | 28 | 0 | 35 | 0 |
| YUGO | 4,761 | 2,014 | 27,034 | 11,840 |
| IMPORT TOTAL | 281,556 | 264,641 | 1,443,340 | 1,506,897 |

*Total includes tourist deliveries

# AUCTION DATES

## American Motors

July 21 — Statesville Auto Auction, Statesville, N.C., and Aptco Auto Auction, Taylor, Mich.

July 22 — Columbus Auto Auction, Columbus, Ohio; Metro Milwaukee Auto Auction, Caledonia, Wis.; and Kansas City Auto Auction, Kansas City, Mo.

July 23 — Evansville Auto Auction, Evansville, Ind., and Corry Auto Auction, Corry, Pa.

July 28 — D-A Auto Auction, New Stanton, Pa.

July 29 — Minneapolis Auto Auction, Plymouth, Minn.

## Chrysler Corp.

July 21 — Hatfield Auto Auction, Hatfield, Pa.; American Auto Auction, Walpole, Mass.; Arena Auto Auction, Chicago; Metro Auto Auction of Kansas City, Lee's Summit, Mo.; and Golden Gate Auto Auction, Fremont, Calif.

July 22 — Butler Auto Auction, Gibsonia, Pa.; Minneapolis Auto Auction, Plymouth, Minn.; and Southwest Auto Auction, Phoenix, Ariz.

July 23 — Clanton's Auto Auction, Darlington, S.C.; Northway Exchange, Clifton Park, N.Y.; and Indianapolis Auto Auction, Indianapolis

## Ford Motor Co.

July 22 — Lakeland Auto Auction, Lakeland, Fla.

July 23 — Greater Chicago Auto Auction, Chicago; Denver Auto Auction, Aptco Auto Auction, Taylor, Mich.; Bay Cities Auto Auction Inc., Hayward, Calif.; Skyline Auto Exchange, Fairfield, N.J.; and 166 Auto Auction, Springfield, Mo.

July 28 — South Seattle Auto Auction, Kent, Wash.

July 29 — Columbus Fair Auto Auction, Obetz, Ohio; Clanton's Auto Auction, Darlington, S.C.; and Southern California Auto Auction, Fontana, Calif.

July 30 — Baltimore-Washington Auto Exchange, Baltimore; Houston Predelivery Center, Houston; and St. Louis Auto Auction, Bridgeton, Mo.

## General Motors

July 21 — Southern Auto Auction, East Windsor, Conn.; Dallas Auto Auction, Grand Prairie, Texas; and South Seattle Auto Auction, Kent, Wash.

July 22 — Atlanta Auto Auction, Atlanta; Clanton's Auto Auction, Darlington, S.C.; Omaha Auto Auction, Omaha, Neb.; and Baltimore-Washington Auto Exchange, Baltimore

July 23 — Arena Auto Auction, Chicago; Ohio Auto Auction, Grove City, Ohio; St. Louis Auto Auction, Bridgeton, Mo.; and Utah Auto Auction, West Bountiful, Utah

July 28 — Harrisonburg Auto Auction, Harrisonburg, Va.

July 29 — Hatfield Auto Auction, Hatfield, Pa.; Indianapolis Auto Auction, Indianapolis; Metro Auto Auction of Kansas City, Lee's Summit, Mo.; Minneapolis Northstar Auto Auction, Shakopee, Minn.; and Golden Gate Auto Auction, Fremont, Calif.

**Used Car Sales**
**Auction Averages**

| | |
|---|---|
| July to date | $5,910 |
| Month ago | $5,876 |
| Year ago | $5,173 |

**Model Breakdown**
**Auction Averages**

| | JUL 1987 | JUN 1987 | MAY 1987 |
|---|---|---|---|
| 1987 .... | $11,220 | $11,113 | $11,046 |
| 1986 .... | $9,126 | $9,187 | $9,287 |
| 1985 .... | $7,167 | $7,191 | $7,194 |
| 1984 .... | $5,742 | $5,727 | $5,718 |
| 1983 .... | $4,851 | $4,852 | $4,873 |
| 1982 .... | $3,675 | $3,687 | $3,705 |
| 1981 .... | $2,647 | $2,680 | $2,705 |
| 1980 .... | $2,096 | $2,134 | $2,141 |
| Overall Average | $5,910 | $5,900 | $5,871 |

**Ford dresses up Brazilian pickup**
Ford Brazil is offering the Pampa Ghia, which is built on Ford's Del Ray pickup platform. It has 13-inch wheels, flat wheel covers, a laminated windshield and upgraded interior trim. The original alcohol-fueled Pampa has chalked up sales of more than 58,000 since its Brazilian introduction in March 1982. Ghia, based in Turin, Italy, is a wholly owned subsidiary of Ford.

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# Ship's sinking scuttles Saab's expansion plan

By Knut Moberg
SPECIAL CORRESPONDENT

TROLLHATTAN, Sweden — Saab Car Division's plans to increase production this fall have, literally, been sunk.

The vessel, Conti Belgica, carrying three main presses from Hitachi in Japan to Saab in Sweden, sank off the coast of Yemen early this month. The ship went down two hours after running into a hurricane. The crew was rescued.

Saab needed the new machinery to increase annual production by up to 30,000 units. It was due to be installed after the August vacation in Saab's main production plant at Trollhattan, where all the preparations had been made.

Representatives from Hitachi are scheduled to fly to Sweden this week to discuss replacements, but the company is unlikely to be able to deliver them for about a year.

This is a major problem for Saab. Last year, it produced a record 126,400 cars, but it needs the extra capacity to reduce delivery time. The new presses were the main part of the plan to increase output.

The problem is compounded by a recent steady reduction in the volume of parts purchased from outside suppliers in anticipation of the arrival of the new equipment from Japan. Now, Saab is going back to the outside suppliers and asking for a resumption of deliveries.

## New owner and name for Commercial Credit

MISSISSAUGA, Ontario — Commercial Credit Corp., a provider of vehicle leasing services, has changed its name to McCullagh Leasing. The company has a new owner, BNE Capital Corp., a U.S.-based holding company with assets of more than $27 billion.

# Dealer competition

*Quick-service centers on rise in Britain*

By Jake Lucas
SPECIAL CORRESPONDENT

**Large retail groups are using their aggressive sales and marketing techniques to make inroads into the annual $8 billion-plus car servicing market in Britain.**

LONDON — News that J. Sainsbury, one of Britain's leading supermarket groups, will rent space for fast car servicing at some of its do-it-yourself and garden centers has highlighted the growing attack on franchised car dealers' traditional service business.

Large retail groups are using their aggressive sales and marketing techniques to make inroads into the annual $8 billion-plus car servicing market in Britain.

Significantly, the newcomers have earned healthy profits against a background of long-standing complaints from car dealers about the problems of making money on service.

The fast-service operators attribute their success to changing car servicing from being car manufacturer-led to customer-led.

They believe they answer car owners' criticism that the traditional dealer will rarely give a fixed quote on the cost of a job, so the repair bill will often escalate. They further believe that servicing is slow and replacement parts are expensive, and that the dealer's limited business hours are inconvenient for busy car owners.

For the handful of major fast-service chains in Britain, seven-day operation has been as much a part of their success as fixed pricing and no-quibble guarantees. The most aggressive centers are open from 8 a.m. to 8 p.m. each day.

The growth of the assault on the traditional dealers started with the specialty service centers offering while-you wait replacement of tires, exhaust systems, shock absorbers and batteries. Market leader Kwik-Fit now has 288 centers and 3 million customers. As the name suggests, Kwik-Fit's more sophisticated Stop 'n' Steer centers will also make repairs on brakes and steering. There are 19 already, and the goal is a network of 150.

Perhaps the most worrisome competition for dealers comes from Kwik-Fit's Autocenters, which have been developed from the success of the Stop 'n' Steer chain.

In addition to all the other work, the Autocenters offer oil changes, and radiator and clutch replacement. There are ambitious plans for 13 new Autocenters this year. Customers will be able to pay for repairs at any Kwik-Fit center with the company's Autocharge card that will also be accepted at selected Mobil and Texaco stations.

The most extensive servicing among the newcomers is offered by Halfords, a subsidiary of a major retail group. Since July 1985, Halfords has expanded from its leading chain of 320 main-street shops selling car parts, accessories and cycles to set up 16 service centers and 36 superstores.

By the end of 1988, it will have 90 superstores selling replacement parts and customizing kits at new out-of-town sites with service centers alongside 50 of the stores. An initial diagnostic engine check costs about $8, and the customer is then quoted either a fixed price for routine work based on the car's engine size, or a computer price for the specific repair required. Customers are encouraged to stand close by their cars while the mechanic is working.

Halfords plans to start selling accessories in the superstores, which also display an as-fitted price so that customers will be able to walk across to the adjacent service center and have a child safety seat or spoiler fitted immediately.

The car manufacturers have belatedly realized that dealers, suffering low profits on new-car sales, are now seeing their service business rapidly being taken away. More competitive pricing of fast-moving parts from the carmakers has helped. But there is clear evidence that even when dealers have trimmed their prices below those of the fast-service centers, they have still not convinced motorists to remain loyal.

Only the privately owned Volvo Concessionaires has adopted a lifetime guarantee for its cars as a method of helping dealers retain their traditional service business. For the moment, the only thing holding back the expansion of fast-service centers is the speed with which the companies can secure planning permission for new sites.

# Car output rises 20%

By Kathy Barbaglia
AUTOMOTIVE NEWS STAFF REPORTER

Last week's scheduled domestic auto production totaled 94,765, 20.31 percent more than the previous week's 78,769. Production in both weeks was reduced by plants idle for model changeover.

The automakers' estimated output last week was 29.66 percent below the year-ago week's 134,730.

Last week's targeted production was split as follows: General Motors, 47.19 percent; Ford Motor Co., 31.75 percent; Chrysler Motors, 7.33 percent; Honda of America Manufacturing Inc., 7.02 percent; New United Motor Manufacturing Inc., 3.96 percent; and Nissan Motor Manufacturing Co., U.S.A., 2.75 percent.

Volkswagen of America's Westmoreland, Pa., plant closed for model changeover July 13. The plant is expected to resume output Sept. 14.

GM's Willow Run, Mich., plant went down today and will remain closed until Aug. 14 for model changeover.

The following GM plants remain idle for model change: Tarrytown, N.Y.; Flint, Mich.; Janesville, Wis.; Lansing, Mich.; Wentzville, Mo.; Leeds, Mo; Orion Township, Mich.; Framingham, Mass.; Detroit-Hamtramck; Lordstown, Ohio; Arlington, Texas; Doraville, Ga.; and the Fiero plant in Pontiac, Mich.

GM's Clark Avenue, Detroit, plant will resume output at a reduced rate on Wednesday after being closed since June 29 for model changeover.

Ford shut its Wixom, Mich., and Kansas City, Mo., plants for model changeover on July 13. Both plants are slated to resume operations today.

The following Chrysler plants remain idle for model changeover: Jefferson Avenue, Detroit; Belvidere, Ill.; St. Louis; and Sterling Heights, Mich.

All Ford plants except Wixom and Kansas City are scheduled for daily overtime this week.

# Week's truck production doubles

Domestic truckmakers almost doubled production last week compared to the prior week's build, as vacations ended at several plants.

Last week's targeted output of 71,692 was 93.89 percent more than the previous week's 36,975 and 7.98 percent more than the year-ago week's 66,391.

Ford Motor Co. plants and the Jeep facility resumed output last week after two-week vacations. Nissan Motor Manufacturing Co.'s plant in Smyrna, Tenn., will reopen today after a three-week vacation.

Overtime was slated last Saturday at General Motors' Lordstown, Ohio, plant.

Saturday overtime was scheduled at Ford's Twin Cities, Minn., plant.

# Canada: Cars up; trucks down

Canadian automakers scheduled production of 9,392 cars last week, 15.23 percent more than the previous week's 8,151 and 4.95 percent more than the year-ago week's 8,949.

Truck production was targeted at 10,875 units last week, 11.74 percent below the prior week's 12,322 but 59.74 percent more than the year-ago week's 6,808.

Navistar International's Chatham, Ontario, plant remains idle for model changeover.

Ford Motor Co. car plants will be idle until July 27 for vacation.

General Motors' Oshawa, Ontario, plant resumed output today but will close July 27 for a two-week vacation.

| CANADIAN CAR | Week Ended July 18, 1987 | Week Ended July 19, 1986 | Week Ended July 11, 1987 | July to Date | Jan. 1 to July 19, 1986 | Jan. 1 to July 18, 1987 |
|---|---|---|---|---|---|---|
| AMERICAN MOTORS | 0 | 0 | 110 | 163 | 2,382 | 3,095 |
| FORD MOTOR | 5,520 | 0 | 0 | 9,588 | 289,806 | 284,261 |
| GENERAL MOTORS | 3,247 | 8,724 | 7,566 | 14,358 | 326,579 | 158,507 |
| HONDA | 400 | 0 | 250 | 848 | 0 | 860 |
| VOLVO | 225 | 225 | 225 | 558 | 6,001 | 5,967 |
| Total Cars, Canada | 9,392 | 8,949 | 8,151 | 25,515 | 624,768 | 452,490 |

| U.S. TRUCK* | Week Ended July 18, 1987 | Week Ended July 19, 1986 | Week Ended July 11, 1987 | July to Date | Jan. 1 to July 19, 1986 | Jan. 1 to July 18, 1987 |
|---|---|---|---|---|---|---|
| CHEVROLET | 20,479 | 22,168 | 21,548 | 52,333 | 681,408 | 852,747 |
| DODGE | 2,900 | 4,026 | 3,334 | 9,130 | 47,972 | 141,929 |
| FORD | 29,733 | 28,839 | 0 | 29,733 | 783,141 | 810,250 |
| GMC | 7,450 | 6,695 | 7,343 | 18,070 | 202,208 | 212,022 |
| NAVISTAR | 0 | 0 | 0 | 806 | 40,127 | 40,037 |
| JEEP | 4,450 | 2,313 | 0 | 4,450 | 110,589 | 119,516 |
| NISSAN | 1,930 | 0 | 0 | 1,930 | 67,741 | 43,596 |
| AM GENERAL* | 450 | 50 | 450 | 1,170 | 1,412 | 7,110 |
| MISCELLANEOUS* | 4,300 | 2,300 | 4,300 | 9,980 | 63,940 | 66,100 |
| Total Trucks, U.S. | 71,692 | 66,391 | 36,975 | 127,601 | 1,998,538 | 2,093,307 |

| CANADIAN TRUCK | Week Ended July 18, 1987 | Week Ended July 19, 1986 | Week Ended July 11, 1987 | July to Date | Jan. 1 to July 19, 1986 | Jan. 1 to July 18, 1987 |
|---|---|---|---|---|---|---|
| AMERICAN MOTORS | 0 | 912 | 785 | 1,161 | 15,608 | 18,081 |
| CHRYSLER | 4,955 | 0 | 5,839 | 13,947 | 227,106 | 239,977 |
| FORD | 0 | 0 | 0 | 1,759 | 91,859 | 83,579 |
| GENERAL MOTORS | 5,920 | 5,896 | 5,698 | 14,283 | 165,043 | 123,813 |
| NAVISTAR | 0 | 0 | 0 | 110 | 5,461 | 5,096 |
| Total Trks., Canada | 10,875 | 6,808 | 12,322 | 31,260 | 505,077 | 470,548 |
| N. Am. Trucks | 82,567 | 73,199 | 49,297 | 158,861 | 2,503,615 | 2,563,855 |

*—Includes window van production. **—Estimated
Jeep includes commercial only. AM General includes government-destined vehicles.
Miscellaneous includes estimates for Mack, Volvo-White, Kenworth, Peterbilt, Freightliner, Mercedes-Benz, etc.
Monthly estimates may contain rows of one or two units due to rounding.

| U.S. CAR | Week Ended July 18, 1987 | Week Ended July 19, 1986 | Week Ended July 11, 1987 | July to Date | Jan. 1 to July 19, 1986 | Jan. 1 to July 18, 1987 |
|---|---|---|---|---|---|---|
| AMERICAN MOTORS | 0 | 0 | 0 | 0 | 30,037 | 15,994 |
| Renault Total | 0 | 0 | 0 | 0 | 30,037 | 15,994 |
| Alliance | 0 | 0 | 0 | 0 | 26,690 | 15,994 |
| Encore | 0 | 0 | 0 | 0 | 3,347 | 0 |
| CHRYSLER MOTORS | 6,950 | 13,481 | 16,315 | 31,375 | 782,886 | 621,223 |
| Plymouth Total | 150 | 4,410 | 3,018 | 4,713 | 231,657 | 184,283 |
| Horizon | 0 | 2,857 | 0 | 0 | 93,735 | 32,997 |
| Sundance | 0 | 1,049 | 1,589 | 2,384 | 2,908 | 56,294 |
| Reliant | 0 | 504 | 459 | 717 | 96,853 | 62,358 |
| Caravelle | 50 | 0 | 823 | 1,328 | 27,823 | 30,069 |
| Gran Fury | 100 | 0 | 147 | 284 | 10,338 | 2,565 |
| Chrysler Total | 5,300 | 2,317 | 8,030 | 17,013 | 251,366 | 210,405 |
| Laser | 0 | 430 | 0 | 0 | 27,309 | 0 |
| LeBaron K | 0 | 594 | 0 | 0 | 64,278 | 42,910 |
| LeBaron J | 3,600 | 0 | 4,012 | 9,335 | 0 | 70,652 |
| LeBaron GTS | 0 | 1,293 | 789 | 1,186 | 40,054 | 23,809 |
| N. Yorker/E-Class | 0 | 0 | 1,515 | 2,423 | 47,309 | 46,793 |
| Fifth Avenue | 1,700 | 0 | 1,714 | 4,069 | 72,416 | 26,241 |
| Dodge Total | 1,500 | 6,754 | 5,267 | 9,649 | 299,863 | 226,535 |
| Daytona | 1,100 | 832 | 1,373 | 3,290 | 30,875 | 33,980 |
| Omni | 0 | 3,458 | 0 | 0 | 91,030 | 28,363 |
| Shadow | 0 | 912 | 1,628 | 2,557 | 2,587 | 57,629 |
| Aries | 0 | 422 | 386 | 613 | 75,358 | 59,367 |
| Dodge 600 | 0 | 341 | 809 | 1,246 | 46,915 | 26,922 |
| Lancer | 0 | 789 | 498 | 779 | 32,571 | 15,008 |
| Diplomat | 400 | 0 | 573 | 1,164 | 20,427 | 5,266 |
| FORD MOTOR | 30,084 | 38,290 | 0 | 30,084 | 991,146 | 1,053,096 |
| Ford Division | 24,749 | 26,714 | 0 | 24,749 | 678,844 | 746,207 |
| Escort | 8,724 | 7,577 | 0 | 8,724 | 211,593 | 204,880 |
| Mustang | 4,562 | 4,114 | 0 | 4,562 | 112,977 | 118,310 |
| Tempo | 0 | 4,015 | 0 | 0 | 109,383 | 99,830 |
| Taurus | 7,694 | 8,091 | 0 | 7,694 | 156,980 | 232,032 |
| Thunderbird | 3,769 | 2,917 | 0 | 3,769 | 87,911 | 91,155 |
| L-M Division | 5,335 | 11,576 | 0 | 5,335 | 312,302 | 306,889 |
| Mercury Total | 5,335 | 8,320 | 0 | 5,335 | 214,773 | 210,892 |
| Lynx | 263 | 1,342 | 0 | 263 | 35,540 | 20,917 |
| Capri | 0 | 180 | 0 | 0 | 10,609 | 0 |
| Topaz | 0 | 1,228 | 0 | 0 | 33,060 | 32,858 |
| Cougar | 2,484 | 2,650 | 0 | 2,484 | 67,029 | 82,962 |
| Sable | 2,588 | 2,920 | 0 | 2,588 | 68,535 | 74,155 |
| Lincoln Total | 0 | 3,256 | 0 | 0 | 97,529 | 95,997 |
| Continental | 0 | 364 | 0 | 0 | 10,985 | 9,610 |
| Lincoln | 0 | 2,443 | 0 | 0 | 73,165 | 72,088 |
| Mark VII | 0 | 449 | 0 | 0 | 13,379 | 14,299 |
| GENERAL MOTORS | 44,726 | 74,301 | 50,037 | 126,386 | 2,548,356 | 2,082,277 |
| Buick Total | 7,540 | 16,545 | 9,482 | 23,367 | 456,961 | 331,697 |
| Skyhawk | 0 | 2,512 | 186 | 577 | 53,159 | 16,451 |
| Century | 3,183 | 4,751 | 3,473 | 8,280 | 143,343 | 103,225 |
| Regal | 1,442 | 0 | 1,161 | 3,064 | 36,489 | 26,681 |
| Somerset/Skylark | 0 | 2,780 | 0 | 487 | 64,919 | 37,072 |
| LeSabre (fwd) | 2,790 | 4,623 | 4,565 | 9,603 | 81,058 | 80,693 |
| LeSabre (rwd) | 125 | 350 | 97 | 267 | 8,578 | 5,529 |
| Electra (fwd) | 0 | 727 | 0 | 1,072 | 54,250 | 53,545 |
| Riviera | 0 | 802 | 0 | 18 | 15,165 | 8,501 |
| Cadillac Total | 150 | 5,656 | 2,028 | 4,594 | 194,195 | 161,917 |
| Cimarron | 0 | 343 | 0 | 28 | 15,443 | 7,489 |
| Allante | 150 | 0 | 142 | 365 | 0 | 2,485 |
| Brougham (rwd) | 0 | 0 | 0 | 440 | 49,101 | 38,116 |
| DeVille (fwd) | 0 | 3,907 | 1,886 | 3,636 | 101,033 | 90,573 |
| Eldorado | 0 | 684 | 0 | 63 | 15,032 | 10,534 |
| Seville | 0 | 722 | 0 | 63 | 13,586 | 12,720 |
| Chevrolet Total | 22,778 | 19,729 | 22,246 | 56,618 | 782,384 | 732,536 |
| Chevette | 0 | 0 | 0 | 0 | 61,031 | 0 |
| Camaro | 2,005 | 2,944 | 1,745 | 5,621 | 115,553 | 63,172 |
| Cavalier | 4,104 | 8,336 | 4,577 | 11,071 | 244,653 | 204,504 |
| Celebrity | 4,664 | 3,138 | 4,948 | 12,308 | 156,796 | 192,776 |
| Corsica/Beretta | 7,875 | 0 | 7,586 | 18,800 | 0 | 164,406 |
| Monte Carlo | 1,178 | 2,180 | 955 | 2,629 | 65,333 | 40,162 |
| Chevrolet | 2,312 | 3,131 | 1,787 | 4,593 | 123,875 | 110,417 |
| Corvette | 640 | 0 | 648 | 1,596 | 15,143 | 17,099 |
| Oldsmobile Total | 3,307 | 21,097 | 3,768 | 14,013 | 631,023 | 387,791 |
| Firenza | 0 | 333 | 177 | 539 | 23,409 | 2,019 |
| Calais | 0 | 2,023 | 0 | 1,609 | 70,891 | 69,547 |
| Cutlass Ciera | 0 | 7,894 | 0 | 1,447 | 162,086 | 99,968 |
| Cutlass Supreme | 1,402 | 0 | 1,385 | 3,740 | 84,031 | 42,994 |
| 88 (fwd) | 1,905 | 8,031 | 1,913 | 5,571 | 201,049 | 106,017 |
| 88 (rwd) | 0 | 0 | 0 | 174 | 11,749 | 10,656 |
| Olds 98 | 0 | 2,246 | 293 | 886 | 66,484 | 37,369 |
| Toronado | 0 | 570 | 0 | 46 | 11,324 | 10,127 |
| Pontiac Total | 10,951 | 11,274 | 12,513 | 29,793 | 483,793 | 408,336 |
| Acadian* | 0 | 0 | 0 | 0 | 9,864 | 0 |
| Fiero | 0 | 262 | 0 | 0 | 44,070 | 20,689 |
| 1000 | 0 | 0 | 0 | 0 | 11,792 | 0 |
| Firebird | 1,243 | 1,898 | 1,116 | 3,400 | 71,017 | 45,513 |
| 2000 Sunbird | 0 | 2,085 | 0 | 0 | 85,204 | 60,295 |
| Grand Am | 4,387 | 3,822 | 6,581 | 13,487 | 130,572 | 149,797 |
| 6000 | 2,015 | 2,602 | 2,061 | 5,064 | 89,848 | 48,705 |
| Bonneville | 3,155 | 0 | 2,535 | 7,407 | 0 | 77,613 |
| Safari/Parisienne | 151 | 605 | 220 | 436 | 41,426 | 5,724 |
| HONDA | 6,650 | 4,826 | 6,497 | 17,077 | 105,970 | 184,168 |
| Civic | 2,009 | 0 | 2,266 | 5,565 | 0 | 61,604 |
| Accord | 4,641 | 0 | 4,231 | 11,512 | 0 | 122,564 |
| NISSAN | 2,605 | 0 | 0 | 2,605 | 21,517 | 72,187 |
| NUMMI | 3,750 | 3,832 | 3,953 | 9,651 | 113,045 | 108,745 |
| Corolla | 750 | 0 | 859 | 2,036 | 0 | 22,580 |
| Nova | 3,000 | 0 | 3,094 | 7,615 | 0 | 86,165 |
| VOLKSWAGEN | 0 | 0 | 1,967 | 2,666 | 50,282 | 43,129 |
| Golf/GTI | 0 | 0 | 1,717 | 2,266 | 0 | 34,775 |
| Jetta | 0 | 0 | 250 | 400 | 0 | 8,354 |
| Total Cars, U.S. | 94,765 | 134,730 | 78,789 | 221,844 | 4,643,239 | 4,180,819 |
| Total Cars, Canada | 9,392 | 8,949 | 8,151 | 25,515 | 624,768 | 452,490 |
| N. American Cars | 104,157 | 143,679 | 86,920 | 247,359 | 5,268,007 | 4,633,309 |
| N. Am. Trucks | 82,567 | 73,199 | 49,297 | 158,861 | 2,503,615 | 2,563,855 |
| North American Cars and Trucks | 186,724 | 216,878 | 136,217 | 406,220 | 7,771,622 | 7,197,164 |

*—All Acadians are built for sale in Canada.
Monthly estimates may contain rows of one or two units due to rounding.

# ROUGE

FROM PAGE 1

workers had been given more than two days to consider the pact, it would have been defeated.

Local 600 also represents 9,000 workers at stamping, frame, glass, engine and assembly plants. Those workers are not covered by this pact. Leone said the agreement sets a dangerous pattern not only for the Rouge complex but for all of Ford.

He said that a provision cancelling transfer rights into other parts of the Rouge complex — except for a one-time move — fences off the steel plant from the rest of the complex. He said the arrangement is part of Ford's plan to separate more and more of its businesses as being "non-auto."

A UAW summary of the contract given to workers says it improves pensions and protection against outsourcing. Al Gardner, former chairman of the tool and die unit, said the outsourcing language is that of the Ford master contract, which UAW International leaders have said is not strong enough. Gardner said the pension increase is significant only for those retiring before Jan. 1, 1988.

Though Rouge Steel is still for sale, the new contract specifies that a buyer would have to honor the terms of the agreement.

Steel industry analysts are cautiously optimistic about American steelmakers' stronger showing in recent months. They say that Ford's moves at Rouge Steel may be coming at just the right time to benefit from increased prices, a weaker dollar and a rise in the value of the Korean won.

Bernard Addo, steel analyst at Smith Barney, Harris Upham & Co., said that it is too soon to talk about an industry turnaround. But he said that if Rouge Steel's labor costs could be brought down, "the company would be in a good position to come back."

Addo said that it is difficult to predict whether relaxed work rules and other changes can lower Rouge Steel's current labor cost of $27 an hour, versus an industry average of about $23.

But Addo said that "Ford is doing very well, and since Rouge Steel's fortunes are tied to Ford, it may also do well." Rouge Steel sells about 40 percent of the two million tons of steel it produces annually to Ford, and Ford takes most of the electrogalvanized steel.

Paul Tiffany, assistant professor of management at The Wharton School of the University of Pennsylvania, said, "To compensate for the huge difference in labor rates, U.S. steel makers have to get a tremendous amount of benefit out of capital investments such as a continuous caster."

Armstrong said that the new caster has lowered the cost of producing higher quality steel and thus contributed to profitability. It has also allowed Rouge Steel to provide steel for customers' more intricate and demanding requirements, and thus is helping broaden the market for steel.

Armstrong said Rouge Steel is "very competitive in quality" and that the new labor agreement, with its commitment to further modernization and training, will allow progress toward cost-competitiveness.

Tiffany, author of the forthcoming "The Roots of Decline: Business, Government and Labor in the American Steel Industry," said, "It's surprising that they settled" on a new agreement at Rouge Steel, considering the outsourcing trend in the U.S. auto industry.

7/24/87 C2

# Automotive News

July 27, 1987

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## 'Get mad,' execs tell business

### *Greenwald, Mercer chart survival plan*

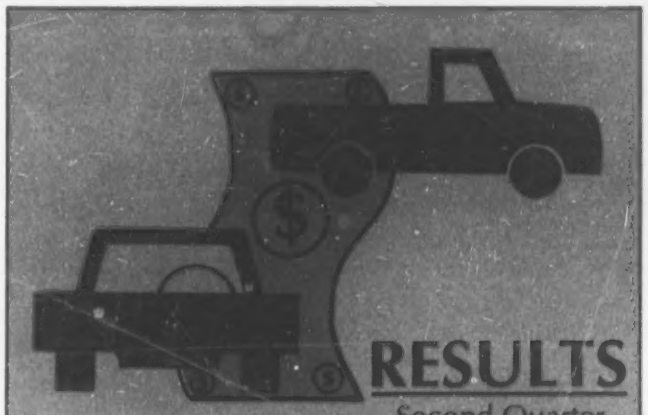
DEARBORN, Mich. — The United States will be doomed to second-class industrial status unless its manufacturers shoulder some of the task of rebuilding the nation's economic base.

That theme emerged last night in the two keynote addresses at the Automotive News World Congress. The 12th annual forum runs through Wednesday at the Hyatt Regency Hotel here.

In remarks prepared for delivery at the opening session, Gerald Greenwald, chairman of Chrysler Motors, and Robert E. Mercer, chairman of Goodyear Tire & Rubber Co., focused on the theme likely to occupy the nation's attention at least through the 1988 presidential election: competitiveness.

"The reason competitiveness is all the rage is obvious," said Greenwald. "Despite the softer dollar, America continues to get its clock cleaned in today's increas-

see CONGRESS, page 70



**RESULTS**
Second Quarter

| (Dollars in Millions) | 1987 | 1986 | 1987 | 1986 |
|---|---|---|---|---|
| | Net Income | | Sales | |
| AMC | $30.2 | $(52.0) | $1,178.8 | $800.8 |
| Chrysler | 428.7 | 488.2 | 6,412.2 | 5,701.2 |
| Ford | 1,498.2 | 1,078.4 | 19,496.1 | 17,302.5 |
| GM | 980.3 | 1,018.4 | 26,699.8 | 27,625.3 |
| TOTAL | 2,937.4 | 2,533.0 | 53,786.9 | 51,429.8 |

## Great days for Ford; profits hit peak

Who's Number One in the domestic auto industry? From a money standpoint, it's clearly Ford Motor Co. Ford profits set records for the second quarter and first half of 1987, and the company earned more than General Motors, Chrysler Corp. and American Motors combined. Ford's performance enabled the four domestic automakers to exceed last year's second-quarter profits by 16 percent. Even AMC was in the black for the quarter; its $30 million profit reversed a $52 million loss in the 1986 period. **Story on Page 66.**

## New GM pickups gaining ground after slow start

**By Joseph Bohn**
AUTOMOTIVE NEWS STAFF REPORTER

DETROIT — After a sluggish start, dealers are beginning to see a surge in the sales of General Motors' C/K pickups — the products of a $2.6 billion investment, billed as the country's first all-new truck in a quarter-century.

Chevrolet dealers retailed 13,326 C/K models in June, up from 9,307 in May. They retailed about 8,000 through mid-July, putting Chevrolet on a 16,000- to 18,000-unit course for the month.

GMC dealers retailed 4,051 Sierras in June, up from 2,645 in May. Sierra is GMC's name for the C/K line. Together, the two divisions retailed 42,785 C/Ks through June 30.

Dealers attribute the C/K's slow start to radical styling, shortages in some body styles and the sales-incentive emphasis GM has put on older-style R/V pickups in order to clear them out. Production of the R/V line, with the exception of a Crew Cab model and a special chassis cab, ends July 30. The R/V Crew Cabs and chassis cab will be continued indefinitely, according to a Chevrolet spokesman.

John M. Kelley, Chevrolet marketing manager — trucks, generally concurred with dealers' viewpoints and said specific product shortages are beginning to be cleared up.

Dealers, for example, have been unable to get dual-rear-wheel extended-cab models. They finally went into production a week ago. Similarly, short-box (six-foot pickup bed) models have been unavailable. They went into production July 13, and should reach full acceleration by the end of August, Kelley said.

Chevrolet has a backlog of 25,000 wholesale orders for short-box models. They normally account for 20 percent of its overall full-sized pickup sales.

Chevrolet also anticipates that it will sell twice as many of its more stylish new Sportside models as it did before. The new Sportsides will be available this fall. They previously accounted for about 4 percent of Chevrolet's short-box sales mix, and the division expects that to rise to 8 percent next year.

Kelley said that Chevrolet still anticipates selling 480,000 full-

see PICKUPS, page 65

Coming from Japan's new-model arsenal: Future Nissan Z842, left, with newly developed V-8 engine, and flagship Honda Acura V-8 sedan, right MYSTERY MEET PHOTOS

## Japanese speed new products to U.S.

**By Jesse Snyder**
AUTOMOTIVE NEWS STAFF REPORTER

New technology and faster product development are the cutting-edge technologies Japanese automakers hope will help them muscle past U.S. and European competitors into profitable upscale segments of the U.S. automotive market.

Japanese automakers are spending heavily on new technology — reducing new design lead time to two years or less and shrinking product life cycles to as little as three years for vehicles and seven years for engines.

The result is a competitive advantage that could allow the Japanese to bring sophisticated new products to market faster

move into previously uncontested new segments during the next five years.

A strong yen that makes Japanese products re in the United States intensifies the e automakers' desire to leapfrog U.S. competitors and use domestics as a buffer against the South Koreans and other manufacturers from low-wage countries.

"The Japanese are leaping as fast as they can," said George Peterson, president of the AutoPacific Group, Newport Beach, Calif. Peterson charts product planning of major auto manufacturers and publishes a quarterly, "The Competitive Battleground."

Product life cycles are six years at General Motors and five years at Ford Motor Co. But Toyota Motor Co., Nissan Motor Co. and smaller Japanese manufacturers are on a four- to five-year cycle and Honda is currently under four years, Peterson said.

U.S. manufacturers are still using engines

see NEW PRODUCTS, page 28

## INFINITI

### *Nissan screening luxury-line dealers*

**By Jesse Snyder**
AUTOMOTIVE NEWS STAFF REPORTER

LOS ANGELES — Nissan Motor Corp. in U.S.A. will not start selling its new Infiniti Division upscale cars until the 1990 model year, but it intends to select the initial 60-70 dealers by the end of this year.

Nissan's existing 1,108 dealers will have first crack at winning one of the new franchises, said William R. Bruce, head of Infiniti, at a press conference Wednesday. The anticipated new line will compete with European and domestic luxury cars, Honda's Acura models and Toyota's anticipated second-channel offerings.

"We expect to have the dealer selection process completed by the end of the year," Bruce said. Nissan will require each new dealer to build a completely separate multi-million-dollar sales, service and parts facility.

The first points will be in major markets on each coast and in the

see INFINITI, page 65

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Reuter, Werner get Daimler-Benz jobs Page 2

Detroit dealers win: Saturday closing legal Page 3

Senate OKs trade bill; conference rework next Page 67

# Columbus labor pact held up as industry model

By Louise Kertesz
AUTOMOTIVE NEWS STAFF REPORTER

A local contract negotiated at General Motors' Fisher Guide Division in Columbus, Ohio, is being held up as a model for making products more competitive and keeping them from being outsourced.

Outsourcing, which threatens the existence of the automakers' component plants, is a key issue in the contract talks that begin today between the UAW and the Big 2.

A top GM official told Automotive News in February, when the pact was signed, "We had a great thing happen at the Fisher Guide plant in Columbus." He said recently that the contract pointed the way to making component plants more competitive without a two-tier wage system.

Don Deibel, president of UAW Local 969, which represents workers at the Columbus plant, said that 770 jobs have been saved as a result of the new contract, and that 300 to 400 jobs "will be saved on the tail of those."

The new contract in Columbus includes a less drastic cut in job classifications — from about 90 to 50 — than other recent industry agreements, which slashed the number of classifications to five or less.

It also includes a new layoff and recall procedure, flexibility to assign workers on downtime to other jobs, a new method of establishing production standards and a new way of paying workers.

They receive a piecework wage rather than an hourly wage, as they did under the former agreement, but they can earn up to 50 percent more pay for surpassing the production standard, Deibel said.

That standard is set by a new "hardware standard data system," which uses a computer to time jobs, he said. Data such as the weight of a part and the distance a worker has to move to load it into a machine are fed into the computer.

"We listen to workers when they tell us a job can be done more efficiently," Deibel added.

GM has said that about 10 percent of its components are being made in-house at a cost higher than they could be purchased. Industry officials have said that a two-tier wage system, with a lower wage for component plants, is one way to cut the cost of making components in-house.

UAW officials agree that the contract in Columbus was successful in cutting the costs of some products and — more important — it has established a problem-solving mode that is resulting in plantwide efficiency.

Deibel said the plant's insourcing committee is becoming more active and has found ways to bring back work that had been outsourced.

"We've come a long way, but we're not out of the woods yet," he said.

A Fisher Guide spokesman said the new contract allowed the plant to win some molding business from the division's Fort Street (Detroit) plant, which is scheduled to close by 1989. The Columbus plant also retained some anchor bolts and door locks that customers were thinking of sourcing elsewhere, he said.

He added, "This secures business for the immediate future and gives us breathing room to address the future."

The Fisher Guide spokesman said, "The single most important outcome of the new agreement and the key to the success of the plant is the spirit of the people making the agreement. (They have agreed) to solve plant problems as they develop."

The division has organized itself into business units, which are divided into product teams such as a door-locks team, the spokesman said. The teams "involve production workers in other aspects of the business," he said, including visiting customers' plants.

Though other Fisher Guide plants have implemented the business unit and product team concepts, "Columbus was the first one to pick up on it," he said.

# Detroit dealers win: Saturday closing legal

By Helen Kahn and Edward Lapham
AUTOMOTIVE NEWS STAFF REPORTERS

Charges that Detroit-area auto dealers and their trade associations violated antitrust laws by conspiring to limit hours of operation have been dismissed by a Federal Trade Commission administrative law judge.

Judge James P. Timony dismissed the charges on the grounds that the dealers' agreement to limit hours was in response to a labor dispute, and thus was exempt from antitrust laws.

Reaction from the Detroit Automobile Dealers Association was obviously joyful, but was restrained and low-key.

"We feel very good about the decision," said David Fischer, president of the dealer association.

Fischer, an Oldsmobile and Nissan dealer, told a press conference the dealers and the association had been vindicated.

"We have violated no state or federal law," Fischer said. "This was exclusively a labor issue and was decided as a labor issue."

Fischer said dealer and association costs for fighting the FTC action could total as much as $3 million. "I'd like to know how much the government spent," he said.

Glenn A. Mitchell, of Stein, Mitchell and Mezines, the Washington law firm retained by the Detroit dealer association, said, "The issue is whether the closings resulted from a labor dispute, not whether they were included in written collective bargaining agreements. And given the history of the closings, there is no other conclusion he (Timony) could have reached."

Mitchell added, "This is a rare decision in that everyone wins. The dealers' labor policies were vindicated, but the salesmen won what they had been fighting for all these years — shorter work weeks without having to join a union. And the consumers get the benefits of competition."

**"We have violated no state or federal law. This was exclusively a labor issue and was decided as a labor issue."**

— FISCHER

The case arose in December 1984 when the FTC charged the Detroit Auto Dealers Association, 105 dealerships, 115 individuals and 18 other associations with illegally conspiring to close all day on Saturdays and to limit evening hours to Mondays and Thursdays.

see DEALERS, page 70

# Plymouth network wins Diamond-Star distribution

By Mary Connelly
AUTOMOTIVE NEWS STAFF REPORTER

DETROIT — The sport-specialty coupe to be built by Diamond-Star Motors and introduced in the 1989 model year will be sold through the Plymouth dealer network.

Sources said the new model will not be available in Dodge showrooms because it would be positioned too closely to the Dodge Daytona.

The move is also a part of Chrysler Motors' continuing brand-name identification program. In 1986, the company began a brand repositioning designed to make each product line more distinctive.

As part of that philosophy, some models became franchise exclusives such as the Dodge Daytona and Chrysler LeBaron Coupe.

The Diamond-Star model is a front-wheel-drive, two-door hatchback, sport-specialty model that Chrysler Corp. treasurer Fred Zuckerman has described as "the working girl's Ferrari."

Sources said the model is not expected to be introduced until the middle of the 1989 model year.

A four-door sedan is the next model scheduled in the line.

The models are being produced as a joint venture of Chrysler Motors and Mitsubishi Motors Corp.

The Diamond-Star plant, now under construction in Bloomington-Normal, Ill., will have a capacity of 240,000 units annually when the second shift starts in October 1989. The two-million-square-foot facility is to be completed in January 1988 with the first cars produced later in 1988.

Chrysler and Mitsubishi Motor Sales of America will each receive 50 percent of the production volume.

## *Market value of Ford stock tops GM's*

**DEARBORN, Mich. — Ford Motor Co.'s successes have been recognized on Wall Street — in a big way.**

**For the first time since Ford went public in 1956, the market value of Ford's common stock has surpassed that of GM's common stock.**

**It occurred for the first time on July 14 when, based on that day's closing stock prices, Ford's market value was $27.3 billion; GM, based on the price of its common stock only, was worth $26.9 billion. With GM's other classes of stocks its market value that day was $32.4 billion.**

**Ford outearned GM in 1986 for the first time since the early 1920s and has continued to do so in 1987. Analysts predict that Ford will continue to outearn GM for the next two years.**

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# Starcraft sold to management-led group

By Joseph Bohn
AUTOMOTIVE NEWS STAFF REPORTER

A management-led investor group has purchased recreational-vehicle maker Starcraft Corp. and its affiliated companies from Lear Siegler.

Dominic D. "Don" Cuzzocrea, longtime Starcraft president and now its chairman and chief executive officer, outlined some aggressive expansion plans following the July 21 purchase.

Starcraft management and outside investors acquired all Starcraft-branded product lines, all Starcraft manufacturing facilities in North America, Lear Siegler Financial Corp. (which will be renamed) and Bangor Punta Transportation, a captive trucking fleet operation.

Cuzzocrea declined to disclose the purchase price, but he said it reflected record sales and earnings for the company's 1987 fiscal year, which ended June 30.

Cuzzocrea said Starcraft's sales for fiscal 1987 were $154.2 million, a "double-digit" increase over the previous year.

Starcraft has 1,817 employees at six U.S. and Canadian facilities. Its headquarters will continue to be in Topeka, Ind.

Cuzzocrea said his management group has "control of the corporation," but wouldn't divulge its share of ownership.

Besides Cuzzocrea, company officials with significant equity in Starcraft include Joseph L. Schulte Jr., executive vice president; Robert N. Fidler, senior vice president and general manager — marine; Cecil J. Bontreger, senior vice president and general manager — automotive; and Leslie A. Hampton, senior vice president and general manager — RV.

Outside equity investors include Duncan, Cook & Co., Houston; Greylock Management Corp., Boston; Southwest Venture Partners, San Antonio, Texas; Salomon Brothers, New York; and Equus Investments, Houston.

The management-led investor group acquired all of Starcraft Corp.'s stock in the buyout.

Starcraft is considered the RV industry's largest van customizer, with "close to 11,000" conversions eyed for 1987, Cuzzocrea said.

That business accounts for 40 percent of its sales. The two other major segments of its business are RVs — such as travel trailers and Fifth Wheels — and pleasure boats. Each accounts for about 30 percent of sales.

Cuzzocrea said future plans include re-entering the Class C motor home market within about a year and, subsequently, the Class A motor home market.

The company also plans to branch out into car customizing. It is currently working on a new bed cap for pickup trucks.

That is a new product area for Starcraft. It has a marketing agreement with GMC to sell the caps. The companies haven't decided whether the product will be offered as a factory-installed or aftermarket-installed option.

## June truck sales by manufacturer and segment

| | | 14,000 & LESS GVW CLASS 1-3 | 14,001-16,000 GVW CLASS 4 | 16,001-19,500 GVW CLASS 5 | 19,501-26,000 GVW CLASS 6 | 26,001-33,000 GVW CLASS 7 | 33,001 & OVER GVW CLASS 8 | TOTAL 1987 | TOTAL 1986 |
|---|---|---|---|---|---|---|---|---|---|
| CHRYSLER | MO | 77,133 | | | | | | 77,133 | 50,064 |
| | YR | 353,720 | | | | | | 353,720 | 286,166 |
| JEEP | MO | 20,338 | | | | | | 20,338 | 16,219 |
| | YR | 101,524 | | | | | | 101,524 | 92,997 |
| TOYOTA | MO | 25,172 | | | | | | 25,172 | 24,659 |
| | YR | 154,760 | | | | | | 154,760 | 179,555 |
| NISSAN | MO | 23,029 | | | | | | 23,029 | 16,729 |
| | YR | 115,493 | | | | | | 115,493 | 110,025 |
| MAZDA | MO | 11,184 | | | | | | 11,184 | 14,962 |
| | YR | 60,523 | | | | | | 60,523 | 74,592 |
| ISUZU | MO | 7,115 | | | | | | 7,115 | 7,192 |
| | YR | 45,606 | | | | | | 45,606 | 41,735 |
| MITSUBISHI | MO | 5,109 | | | | | | 5,109 | 2,008 |
| | YR | 25,488 | | | | | | 25,488 | 16,198 |
| SUZUKI | MO | 8,320 | | | | | | 8,320 | 3,926 |
| | YR | 45,262 | | | | | | 45,262 | 20,549 |
| SUBARU | MO | 62 | | | | | | 62 | 251 |
| | YR | 997 | | | | | | 997 | 1,512 |
| RANGE ROVER | MO | 253 | | | | | | 253 | 0 |
| | YR | 722 | | | | | | 722 | 0 |
| FORD | MO | 135,027 | | | 793 | 2,856 | 1,313 | 139,989 | 124,880 |
| | YR | 709,930 | | | 5,059 | 15,089 | 6,185 | 736,263 | 678,849 |
| FREIGHTLINER | MO | | | | | | 2,127 | 2,127 | 1,712 |
| | YR | | | | | | 10,902 | 10,902 | 8,873 |
| CHEVROLET | MO | 113,525 | | 12 | 502 | 434 | 8 | 114,481 | 118,988 |
| | YR | 578,417 | | 97 | 3,680 | 3,576 | 178 | 585,948 | 644,448 |
| GMC | MO | 30,268 | | 476 | 954 | 1,330 | 534 | 33,562 | 32,177 |
| | YR | 152,437 | | 3,149 | 3,765 | 12,538 | 4,512 | 176,401 | 176,936 |
| KENWORTH | MO | | | | | 9 | 1,190 | 1,199 | 910 |
| | YR | | | | | 44 | 6,603 | 6,647 | 4,829 |
| MACK | MO | | | | 222 | 249 | 2,004 | 2,475 | 2,207 |
| | YR | | | | 1,357 | 1,572 | 9,366 | 12,295 | 11,205 |
| MERCEDES | MO | | | | 83 | 230 | | 313 | 342 |
| | YR | | | | 743 | 1,179 | | 1,922 | 1,849 |
| NAVISTAR | MO | | 10 | 34 | 756 | 3,155 | 2,613 | 6,568 | 6,116 |
| | YR | | 41 | 176 | 4,820 | 15,573 | 14,429 | 35,039 | 33,846 |
| PETERBILT | MO | | | | | 3 | 1,167 | 1,170 | 746 |
| | YR | | | | | 27 | 5,207 | 5,234 | 4,542 |
| VOLVO | MO | | | | | 137 | 875 | 1,012 | 1,017 |
| | YR | | | | | 806 | 5,292 | 6,098 | 6,063 |
| HINO | MO | | | 54 | 45 | 92 | | 191 | 0 |
| | YR | | | 241 | 247 | 485 | | 973 | 0 |
| NISSAN DIESEL | MO | | | 73 | 33 | 105 | | 211 | 0 |
| | YR | | | 229 | 152 | 401 | | 782 | 0 |
| ISUZU TRUCK | MO | 639 | | 25 | 49 | | | 713 | 360 |
| | YR | 2,519 | | 74 | 134 | | | 2,727 | 2,519 |
| MITSUBISHI FUSO | MO | 111 | | | 17 | 29 | | 157 | 0 |
| | YR | 283 | | | 74 | 157 | | 514 | 0 |
| SCANIA | MO | | | | | | 9 | 9 | 0 |
| | YR | | | | | | 72 | 72 | 0 |
| IVECO TRUCKS | MO | 105 | 68 | 115 | 14 | | | 302 | 9 |
| | YR | 652 | 318 | 383 | 59 | | | 1,392 | 0 |
| WESTERN STAR | MO | | | | | | 131 | 131 | 0 |
| | YR | | | | | | 676 | 676 | 0 |
| OTHER DOMESTICS | MO | | | | 19 | | 102 | 121 | 102 |
| | YR | | | | 68 | | 543 | 611 | 626 |
| GRAND TOTAL | MO | 457,390 | 78 | 789 | 3,487 | 8,829 | 12,073 | 482,446 | 425,567 |
| | YR | 2,348,333 | 359 | 4,329 | 20,158 | 61,447 | 63,965 | 2,488,591 | 2,397,914 |
| 1986 YR to DATE | | 2,286,636 | 0 | 2,281 | 20,994 | 61,108 | 56,995 | | |

Class 1-3 sales data reported by individual manufacturers; Class 4-8 data reported by the Motor Vehicle Manufacturers Association.

# Truck sales rise 13% for June, 3% for half

By Joseph Bohn
AUTOMOTIVE NEWS STAFF REPORTER

Total U.S. truck sales, including light, medium and heavy-duty models, were up 13.37 percent in June and 3.78 percent for the first six months of calendar 1987.

Truck manufacturers retailed 482,446 new trucks in June, up from 425,567 during the same period in 1986. They sold 2,488,591 during the first six months of the year, up from 2,397,914 in the same period last year, according to figures reported by individual companies and the Motor Vehicle Manufacturers Association.

Light-duty Class 1-3 sales of 457,390 in June were up 14.10 percent from 400,860 last year.

Class 4 sales, still marginal, totaled 78 in June compared with zero a year ago.

Class 5 sales of 789 were up from 730 last year.

Class 6 sales of 3,487 were off from 3,845 a year ago.

In the heavy-truck segment, Class 7 sales of 8,629 in June were off from 9,207 last year, while Class 8 deliveries of 12,073 were up from 10,565 a year ago.

Medium- and heavy-truck manufacturers, by and large, continued to enjoy exceptionally strong sales in June and for the first six months of the year.

For example, Peterbilt's June sales of 1,170 units were up 56.8 percent while its six-month total of 5,234 was up 15.2 percent.

Similarly, Kenworth's June sales of 1,199 were up 31.8 percent, while its six-month total of 6,647 units was up 37.6 percent from a year ago.

Freightliner's tally of 2,127 trucks in June was up 24.2 percent, while its six-month sales of 10,902 were up 22.9 percent.

Navistar's June sales of 6,568 units were up a more modest 7.4 percent, while its six-month total of 35,039 trucks was up 3.5 percent from a year ago.

Mack chalked up 2,475 sales in June, 12.1 percent more than last year. Its six-month total of 12,295 was up 9.7 percent from a year ago.

Japanese imports, such as Isuzu, Nissan Diesel and Hino, continue to come on strong in the medium-duty segments.

Hino, with 973 sales for six months, should easily exceed 2,000 for 1987, the first year it has reported sales.

Similarly, Nissan Diesel, with 211 in June and 782 for the first six months of the year, also has a good chance of topping 2,000 this year, the first year it has reported sales.

And Isuzu, with 713 sales last month, sold nearly twice as many trucks as in June 1986.

With 2,727 retail deliveries for the first six months, Isuzu is on track to sell well over 5,000 trucks in calendar 1987.

# Mack's new data system speeds ordering procedure

ALLENTOWN, Pa. — Mack Trucks is phasing in a new electronic information system to increase the speed and accuracy of new-order placements, track new and used-truck inventories and facilitate settlement of warranty claims.

The new information system, currently being used by all 19 Mack branches in the United States, links the branches with Mack's headquarters, manufacturing and parts operations. Many of Mack's 240 dealers are expected to be on line with the new system by the end of this year.

It is part of a $60 million MRP II companywide integrated database system expected to be totally in place by 1991.

Robert Reimer, order and distribution manager, said each Mack branch now can make a faster, electronic transmittal of new truck orders. Equally important, Mack can catch and correct any errors in orders immediately.

If, for example, incorrect components or invalid numbers appear on the order, the company can go back instantly to the branch via computer and get the proper information. That alone cuts about seven working days off the ordering process compared to when Mack had to kick orders back manually, Reimer said.

Another advantage of the new information system will be computerized price books for salespeople. They will replace 400-page books that are sent periodically to Mack's branches.

The computer-based price books will not only be easier to read and more accurate, but will be able to store quotes so that orders can be placed as quoted or with alterations to fit new customer needs.

Reimer said he expected the electronic price books to be in test within a year.

## REVISED LIGHT-DUTY TRUCK SALES

| | June 1987 | June 1986 | 6 Mos. 1987 | 6 Mos. 1986 |
|---|---|---|---|---|
| Toyota | 25,172 | 24,659 | 154,760 | 179,555 |
| Nissan | 23,029 | 16,729 | 115,493 | 110,025 |
| Mazda | 11,184 | 14,962 | 60,523 | 74,592 |
| Isuzu | 7,115 | 7,192 | 45,606 | 41,735 |
| Mitsubishi | 5,109 | 2,008 | 25,488 | 16,198 |
| Suzuki | 8,320 | 3,926 | 45,262 | 20,549 |
| Subaru | 62 | 251 | 997 | 1,512 |
| Range Rover | 253 | 0 | 722 | 0 |
| Imports | 89,244 | 69,727 | 448,861 | 444,166 |
| Industry Total | 466,539 | 400,860 | 2,344,979 | 2,284,117 |

Compiled by Karen Dybowski

Note: Revised figures from the September issue, which first appeared in Automotive News on July 13.

JAPAN'S AMERICAN FUTURE

# Strong yen means global game with U.S. as prize

By Jesse Snyder
AUTOMOTIVE NEWS STAFF REPORTER

The strong yen that has riddled short-term profits could be a long-term blessing for Japanese automakers. It is forcing them to become global players.

"The 60 percent appreciation of the yen since late 1985 may be as beneficial to the Japanese in the long run as the Voluntary Restraint Agreement has been by forcing them to do things culturally they couldn't do before," said John Hammond, managing director of J.D. Power and Associates, Westlake Village, Calif.

"It forces them to become global players in a global market, rather than simply exporters tied to manufacturing in their home market. They'll be much more dangerous competitors than they have been."

When the Japanese focus on the global market, they are looking primarily at the United States. Toyota, Honda and Nissan — Japan's Big 3 in this country — are talking about one million car and truck sales apiece within the next few years. About 2.4 million of those vehicles would be cars.

There may not be room for that many cars — from just three Japanese makers — in a U.S. market averaging around 10 million cars. Besides, six other Japanese makers want a piece of the U.S. pie, along with Europeans, Third World makers and, of course, U.S. manufacturers.

There may be a shakeout coming, and every one of the players is determined that it will affect "the other guy."

The rapid rise of the yen against the dollar and key European currencies is not the only problem Japan's nine automakers face. Increased U.S., European and Third World competition; political pressures that are closing export markets; and social and economic changes inside Japan have created a volatile business climate.

**JAPANESE NEW-CAR SALES IN THE U.S.**

| | Honda | Isuzu | Mazda | Mitsubishi | Nissan | Subaru | Toyota |
|---|---|---|---|---|---|---|---|
| 1986 | 405,399 | 38,910 | 222,716 | 49,436 | 493,549 | 183,242 | 640,155 |
| 1985 | 406,413 | 26,953 | 211,093 | 49,734 | 535,372 | 178,175 | 620,047 |
| 1984 | 374,819 | 17,233 | 169,666 | 39,104 | 485,298 | 157,385 | 557,981 |
| 1983 | 350,670 | 20,731 | 173,388 | 32,755 | 521,902 | 156,840 | 555,766 |
| 1982 | 365,865 | 15,462 | 163,150 | 3,950 | 470,246 | 150,335 | 530,248 |
| 1981 | 370,705 | 17,805 | 166,105 | — | 464,805 | 152,062 | 576,491 |
| 1980 | 275,388 | — | 161,623 | — | 516,890 | 142,968 | 582,204 |
| 1979 | 353,291 | — | 156,533 | — | 472,252 | 127,871 | 507,816 |
| 1978 | 274,876 | — | 75,309 | — | 388,096 | 103,274 | 441,800 |
| 1977 | 223,633 | — | 50,609 | — | 388,378 | 80,826 | 493,048 |
| 1976 | 150,929 | — | 35,383 | — | 270,103 | 48,928 | 346,920 |

But it was the suddenness of the yen's rise that forced wholesale changes in long-range plans for virtually all automakers. It has led to heavy cost-cutting programs.

North American production is regarded as essential to reducing costs if the dollar weakens further against the yen. It also is seen as a way of reducing pressure for U.S. protectionist legislation and as a way of getting around growth-curbing restrictions on car exports to the United States.

The biggest variable in each company's strategic plan is the currency exchange rate. "It all depends on where the yen goes," said George Peterson, president of the AutoPacific Group, a Newport Beach, Calif., consulting firm.

The United States is still the source of most profits for the world auto industry. Its importance is emphasized by the case of Toyota, which was still profitable in Japan last year, but saw its profits fall by two-thirds when U.S. profits were cut to marginal levels, according to Tsutomu Ohshima, executive vice president for external affairs.

After falling below 140 yen to the dollar this spring, the exchange rate last week was around 153 yen. A year ago, the dollar was worth 160 yen; two years ago, it was worth about 240.

But the yen's appreciation is not over yet, according to Ron Glantz, automotive analyst for Montgomery Securities, San Francisco. Glantz, former head of the Japan desk in the U.S. Treasury Department's Office of International Finance, predicts a rate of 115 yen to the dollar "by this time next year."

"With the yen at 150, there is no hope that the U.S. trade deficit with Japan will fall below last year's level, which was politically unacceptable," he said. "With high trade deficits, the pressure on the yen will increase."

And with that, the first signs of global manufacturing are cropping up as Japanese automakers for the first time face labor rates that are high enough to force them to look to low-wage countries, even if it means higher unemployment in Japan.

Toyota is encouraging 20 of its biggest suppliers to locate new plants in Taiwan to reduce costs. Honda is exporting 3,000 Accords a year to Taiwan from Marysville, Ohio, and may some day export cars from Ohio to Japan.

Mitsubishi Motors is marketing 30,000 Precis cars built by Hyundai of South Korea as entry-level cars in the United States. American Isuzu Motors Inc. is selling in the United States Trooper II sport-utility vehicles built in Japan and Taiwan.

"Practically all the Japanese are using Mexico for parts and components and a number are turning to Thailand," Glantz said. "The Japanese are moving much faster than U.S. manufacturers on outsourcing in Asia.

Glantz predicted that by the early 1990s, vehicles sold by Japanese-make dealers will capture 34 percent of the U.S. passenger-car market and 20 percent of the U.S. light-truck market, compared with 23.67 percent of the car market and 21.0 percent of the truck market for the first six months of 1987.

Most of the projected growth is based on Japanese plans to expand product offerings into new segments.

The nine Japanese automakers active in the United States can be divided into three groups. The Big 3 consist of Toyota, Honda and Nissan. The Middle 3 are Mazda, Subaru and Mitsubishi, and the Little 3 are Isuzu, Suzuki and Daihatsu.

Each Japanese automaker is developing broader product lines. Toyota, Honda, Nissan, Mitsubishi and Mazda have large cars

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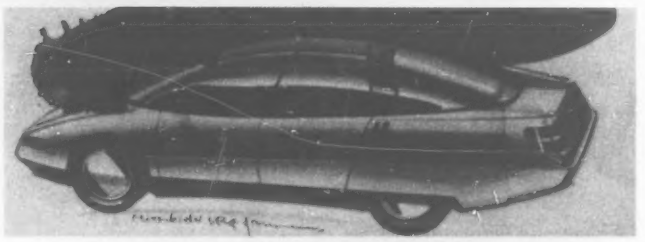
MYSTERY MEET PHOTOS



Here are some of the Japanese concept cars that are being prepared for this fall's auto shows. Toyota's FXG, above, has a mid-mounted V-8 and 4wd. It may appear at Frankfurt in September. Proposed Mitsubishi, upper right, with 4wd, 4ws, all-independent suspension and 3-liter V-8, could appear at Tokyo. Daihatsu's concept car, lower right, is also expected at the Tokyo show, which opens Oct. 29.

# NEW PRODUCTS

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with basic designs 25 years old, while Japanese automakers are retiring engine families introduced in the late 1970s. Toyota is working on a seven-year life cycle for engines and has multi-valve engines available on six of the seven car lines it sells in the United States. No U.S. automaker currently sells a multi-valve engine, one factor that led manufacturing consultant James Harbour to say flatly, "The domestics don't have a single competitive engine on the road."

That may change this fall when Oldsmobile introduces the Quad Four 16-valve. Chrysler may have a Lotus-developed 16-valve four-cylinder engine for limited applications for the 1989 model year.

However, by then, Honda, Toyota and Nissan expect to have their own lightweight V-8s in new flagship cars.

But lightweight, efficient and powerful engines are not the only Japanese effort in applying technology. Japanese manufacturers are rushing into widespread use of four-wheel steering, anti-lock braking systems, constantly variable transmissions and "friendly interiors" that remember each family member's preference on seat and tilt-steering wheel position, rear and side mirror adjustment and favorite radio station.

The underlying Japanese idea is to take the premium market position against U.S. and European competition across-the-board in terms of features and value while working on bolstering brand image and Japanese prestige, said John Hammond, managing partner of J.D. Power and Associates, Westlake Village, Calif., which publishes the quarterly "Power Report" — a compilation of future product plans of world automotive producers. The Power Report is sold only to manufacturers.

Using a variety of sources, Automotive News has compiled a comprehensive look at the future of Japanese auto marketing in the United States. Some of the information has been confirmed — usually in general terms, rarely in specific detail — by executives of individual automakers. Several companies declined comment.

American Honda has two all-new models for 1988, Civic and Prelude. Each has its own family of all-new multi-valve engines and other technical goodies. Both continue to move upscale.

But the big surprise comes next April or May, when an Accord Sports Coupe arrives. The two-door car carries upper works that look very much like the new Prelude. It could be marketed as either a baby Acura Legend or fill the void caused by pricing-up the Prelude.

The replacement schedule of the current Accord, all-new for 1986, is uncertain.

Honda has development programs for a front-wheel-drive passenger wagon or tall car and a minicar positioned below the Civic, but neither apparently has received corporate commitment.

On the Acura side, the Legend sedan gets a larger 2.7-liter V-6 this fall and some minor detailing changes.

For 1989, Acura will introduce its flagship, a fwd, four-door sedan of about 207 inches overall length, powered by a 32-valve V-8 of about 3.6 liters. Either in the late spring or fall of 1989, a mid-engined sports car — likely powered by a V-8 — will debut, carrying ABS, 4ws and full-time four-wheel-drive.

Acura's base-model Integra will be replaced by a vehicle currently under joint development by Honda and England's Rover Group, perhaps by 1989.

Toyota Motor Sales U.S.A. will have a new generation of fwd Corollas for 1988, with the exception of the FX and FX16 built by New

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# JAPAN'S AMERICAN FUTURE

## JAPAN

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on the way, powered by new-generation V-6 or V-8 engines. Specialty cars and trucks, minivans, sport-utility vehicles and low-volume niche vehicles also are being developed.

### Big 3 take steps to enhance U.S. role

Japan's Big 3 are taking divergent paths into the 1990s that will sharpen the distinctions among them in the U.S. automotive market.

But each plans to sell at least one million vehicles a year here by the early 1990s.

"Toyota and Honda are in the best shape of all the Japanese to emerge from the intensified competition on top," said Peterson.

He said strong dealer networks, efficient manufacturing and cost controls, clear visions of where they are headed and strong product lineups are prime assets for both.

Hammond agreed that Toyota and Honda have the strongest positions, but for slightly different reasons.

"Toyota is the best balanced of all the Japanese — like Ford Motor Co. is among the domestics," he said. "It just does so many things right. Toyota has the deepest pockets; its products are good; and it has lots of experience in tough U.S. markets, such as small pickups.

"Honda is the darling of the group right now, but that's partly because of superior product," Hammond added. Honda's aura could be tarnished quickly if it fails to keep its edge in innovative new products, he suggested.

Assessments of Nissan by most industry analysts are less positive, but no one predicted a prolonged slump or any danger of its falling from the top three importers.

Broad portions of the 1990s' business plan of each parent company and its U.S. operations are remarkably similar:

• Reduce costs.

Toyota was the first to formalize its cost-cutting program. It did so last fall in response to the yen's sharp appreciation. Toyota executives challenged each division and department to find ways to reduce costs by as much as 50 percent.

Honda followed last winter with a comprehensive cost-reduction program designed to keep the company and its subsidiaries profitable even if the exchange rate dropped to 120 yen to the dollar.

Nissan has been less public with its program, but its U.S. operation has reduced employment by attrition and is asking managers to justify each individual new hire, although there is no formal hiring freeze, said C.P. "Chuck" King, senior vice president — marketing and sales.

• Increase U.S. production.

Honda has a clear lead, with two North American assembly plants and a U.S. engine plant already in operation. Expansion already announced will push U.S. and Canadian capacity to 440,000 cars and 360,000 engines by 1989. A decision on Canadian expansion or a second U.S. assembly site is due by December.

Nissan recently increased capacity of its Smyrna, Tenn., assembly plant to 265,000 from 240,000 annually.

Toyota was the last of the Big 3 to commit to U.S. production, but started obtaining cars last winter from New United Motor Manufacturing Inc., its joint venture with General Motors in Fremont, Calif. NUMMI is building 50,000 cars a year for Toyota. Toyota's Georgetown, Ky., assembly plant is scheduled to begin production in 1988.

• Expand or launch upscale divisions.

Again, Honda was first — with its separate Acura franchise.

Nissan has just announced a similar upscale division with separate franchises, and Toyota is expected to do so shortly. Operations will begin with the arrival of the bigger and more luxurious models.

• Broaden product lines.

By 1990, each company will offer new lines of cars larger than current full-sized Buicks and Cadillacs and powered by new-generation V-8 engines to tap maturing baby-boomer families. U.S. production will allow all three to offer more specialty cars to fill low-volume niches.

### JAPAN'S NORTH AMERICAN TRANSPLANTS

| Owner | Location | Models produced | Marketer | Capacity | Startup date |
|---|---|---|---|---|---|
| Honda | Marysville, Ohio | Accord, Civic sedans | Honda | 320,000* | Nov. '82 |
| Nissan | Smyrna, Tenn. | pickup, Sentra | Nissan | 265,000 | June '83 |
| Toyota, GM | Fremont, Calif. | Chevy Nova, Toyota FX, FX16 | Chevrolet, Toyota | 250,000 | Dec. '84 |
| Honda | Anna, Ohio | engines | Honda | 90,000* | Sept. '86 |
| Honda | Alliston, Ontario | Accord 4-door | Honda | 80,000 | Nov. '86 |
| Mazda | Flat Rock, Mich. | Mazda 626, Mustang | Mazda, Ford | 240,000 | Sept. '87 |
| Toyota | Georgetown, Ky. | Camry | Toyota | 200,000 | Spring '88 |
| Toyota | Cambridge, Ontario | Corolla | Toyota | 50,000 | Late '88 |
| Mitsubishi, Chrysler | Bloomington, Ill. | sports coupe | Mitsubishi, Chrysler | 240,000 | Late '88 |
| Suzuki, GM | Ingersoll, Ontario | Tracker 4x4, new Sprint | Suzuki, GM | 200,000 | April '89 |
| Fuji, Isuzu | Lafayette, Ind. | Subaru cars, wagons, Isuzu trucks, Trooper | Subaru, Isuzu | 240,000 | Nov. '89 |

*Capacity of 360,000 in 1995 (cars) and 1900 (engines).

### TOYOTA

Industry analysts expect Toyota Motor Sales U.S.A. to retain its overall car and truck sales title among U.S. importers into the 1990s. But the size of the lead will erode because of Honda's earlier and heavier commitment to U.S. production.

Toyota reached the one-million-unit plateau in 1986, but it has lost the passenger-car sales lead to Honda largely because Honda has more U.S. production available.

Toyota's Georgetown, Ky., and Cambridge, Ontario, assembly plants are scheduled to open in 1988 with an eventual capacity of 250,000 cars, but Honda will have at least 440,000 units available from its U.S. and Canadian plants.

Yet analysts are reluctant to call Toyota's delay in setting up U.S. production a mistake. "In hindsight, it's easy to say Toyota was overly cautious, but I'm reluctant to do so without knowing all the factors it looked at," said one analyst.

"Toyota does so many things right on bal-

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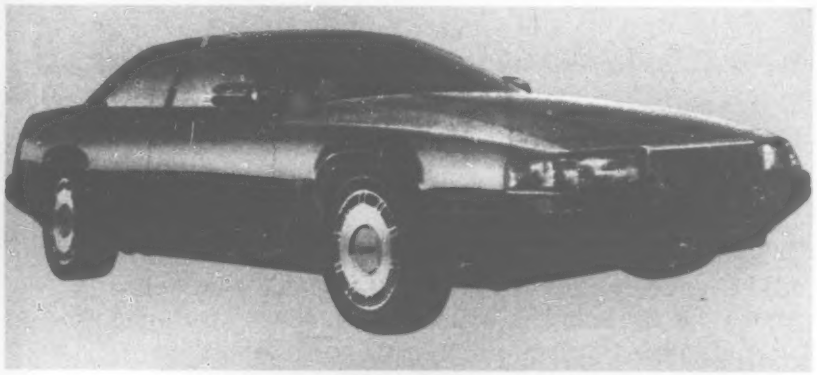
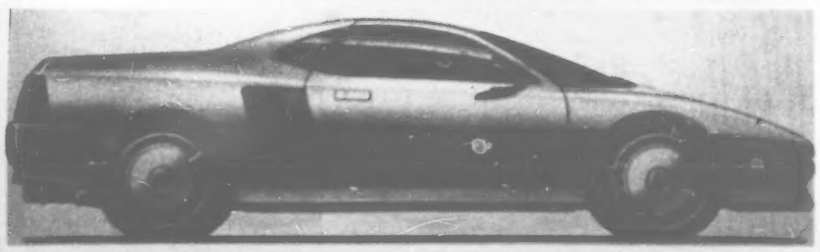


MYSTERY MEET PHOTOS

Future Nissan super sedan, above, has V-8 and five-speed automatic gearbox. Sketch of Zagato's version of Nissan Mid-4, right. It will be built by Autech. Below, design proposal for Honda's mid-engined V-8 Acura.



## NEW PRODUCTS

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United Motor Manufacturing Inc. NUMMI will retool the FX for the 1989 model year.

Tercel gets a new wagon later in the 1988 model year, with a Corolla wagon due about the same time.

The 1989 model year brings a host of changes. The Camry is all new and production of the replacement model will start at Georgetown, Ky. An all-new, larger Cressida is expected for 1989. It will grow longer and wider, but not as much as some of the smaller competitors in its class. The MR2 will be reskinned for 1989.

A redesigned pickup truck and 4Runner sports utility vehicle derived from the pickup are due in 1989. The truck is likely to be closer to the Dodge Dakota to better tap the commercial-use market. At least two sources suggest it is a precursor to the 1990s and a much-larger Toyota pickup that would compete with full-size domestics.

Toyota's upscale separate franchise, which Toyota has not yet confirmed, is expected to start the 1989 model year with at least two cars. One will be a next-generation Soarer, a two-door model currently sold in Japan. Another is likely to be a Camry derivative built in Kentucky and widened and powered by a V-6.

The third model, a flagship sedan with Toyota's first V-8, is scheduled for 1989. But one source believes it will not be ready and could be delayed until 1990 to avoid a mid-year introduction just months after launching a new franchise.

The Toyota Supra is scheduled for a makeover in 1990 and may get a V-8.

Nissan enters the 1988 model year with virtually no changes from 1987, which saw it re-do every line except Maxima.

Maxima will grow longer and wider and move upscale when it is redesigned for 1989. It could get Nissan's new V-8 due in 1989.

The 300-ZX also will be re-done for 1989. Minor facelifts are due in 1989 for Stanza, Pulsar NX and 200-SX, with major changes to follow in 1991.

Nissan has the option of bringing in its Micra, a 1.2-liter minicar, if conditions require. If it appears in the United States it likely would be manufactured by Yue Loong, Nissan's Taiwan affiliate.

The Mid-4, Nissan's stunning 1985 concept car, has been delayed so long that it is no longer certain if it ever will arrive in the United States. A styling update by Italy's Zagato has freshened the mid-engined two-seater, but if it makes it here, it likely won't be until 1990 or 1991.

News of Nissan's preparations for a second distribution channel began to circulate in late June. It came after Automotive News first revealed that rival Toyota was working on a similar scheme. Neither company would at the time confirm its program, but Nissan broke its second channel silence last Wednesday. Toyota is expected to make a similar announcement later this year.

Mazda kicks off a massive expansion of its product line in 1988 with an all-new version of the 626 and the 929. The four-door 929, a federalized version of the Luce introduced in Japan a year ago, has a 3.0-liter V-6, rear-wheel-drive and independent rear suspension on a 107-inch wheelbase.

The 626s imported from Japan will be four- and five-door models, but Mazda is starting production of a three-door version for itself (and for partner Ford) at Flat Rock, Mich., this fall. The Flat Rock two-door with a 2.0-liter turbo version available will be broken off from the rest of the 626 line and marketed as the 626 Sports Coupe.

The 323 line gets some new punch this fall from a multi-valve GT version, followed later this year by a 4wd model.

There have been reports that Mazda would import its own 121 — the Kia-built Ford Festiva — as soon as the 1989 model year. But Mazda is concerned about pricing and possible segment saturation by then.

Much more likely are marketing fill-ins like an upscale 424 based on the 323 or a sporty coupe version of the 929, likely to be called the 828. Mazda is actively considering such a move. If either is shown at the Tokyo Auto Show this fall, it could be on sale here by 1989.